The Acura gambit pays off for Honda

By Ruth Stroud

When American Honda Motor Co. first introduced the Acura in March, 1986, it was viewed as a bold but risky move.

Critics wondered if a Japanese auto company could succeed in a European-dominated luxury car market.

After nearly two years of marketing efforts, American Honda's Acura division, has become the leader in the import luxury auto market. More than 160,000 of the cars were sold in the U.S. during the Acura division's first 21 months in operation—109,470 of them last year.

That figure tops 1987 sales of key competitors, including BMW, Mercedes Benz, Volvo and Audi. *Motor Trend* named the Legend Coupe 1987 Import Car of the Year, and Acura ranked number one in a customer satisfaction index by J.D. Power & Associates, a Westlake Village, Calif.-based automotive researcher.

Honda's success in the luxury performance automotive segment—perceived to be one of the few growth areas in a basically flat car market—has lit a fire under its major rivals. Both Nissan and Toyota announced plans last year to introduce their own luxury car lines in the fall of 1989.

Other Japanese car companies are already pushing upscale lines. Both Mitsubishi Motor Sales of America, Fountain Valley, Calif., and Mazda Motors Corp., Irvine, Calif., introduced high-end models last fall. American Isuzu Motors, Whittier, Calif., has been studying the market as well.

Honda, while confident that its 3½ year lead on Toyota and Nissan will make the Acura a tough act to follow, isn't resting. The company's Gardena, Calif.-based Acura division will introduce two cars in the 1990 and 1991 model years, including Acura's first V-8 sedan and a mid-engine sports car.

Analysts expect Honda's Acura division to introduce two updated versions of its flagship models—the Legend sedan and coupe—in 1991 to compete against specialty coupes and smaller four-door sedans from Lexus and Infiniti.

"We can hear the footsteps [of the competition] and . . . we're trying to lay as much track as we possibly can before they start running against us," says Eric Conn, manager of automobile advertising for both Acura and Honda cars.

Honda was the first Japanese automaker to open a U.S. auto plant and the first to announce last fall that it would export American-made cars overseas.

"It's our feeling we were here first, so we have the right to choose the trail we want to go down," says Mr. Conn. Honda's aim is to maintain the Acura image in its advertising "without becoming reactionary," he adds.

So far, Acura advertising has taken on European automakers rather than the Japanese. Ads announcing the introduction of the Acura Legend coupe last spring stated "the finest sports coupes no longer have to come from Europe." And, recent print and TV ads have touted the Legend Sedan as "the performance sedan that's making European automakers uncomfortable."

But American Honda insists that it isn't out to "get" the Europeans. "[The company] has always had the distinction of carving out a new niche for itself," says Ron Buckhammer, senior VP and management supervisor on the Acura account at Ketchum Advertising, Los Angeles.

Acura: Total U.S. car sales

Acura division of American Honda Motor Co.

1986	52,869*
1987	109,470
% change	107%
Projected 1988	150,000-160,000

*not a full year

Source: *Automotive News*. Projected sales from the Acura division of American Honda Motor Co.

Performance plus comfort equals Acura's formula for its Integra.

"For the time being we need to use the Europeans as a point of reference. But our intent is not to start an advertising war with [them]," Mr. Buckhammer says.

From the early decision to market Acura through a separate division and advertising agency, American Honda has sought to distinguish its upscale car line from Honda. Initially ads made little reference to the Honda connection. The cars were referred to as "Precision crafted automobiles" and, more recently, the tagline has changed to "Precision crafted performance."

Later ads have linked the performance of the vehicles with Honda's championship racing heritage. One TV spot shows a Formula One race car speeding around a track, ending with a shot of the Integra. "It's only because we can do this so well that we can do this," the announcer says. "Formula One technology—and it's street legal," the voiceover says in another spot.

Other TV spots have emphasized the Acura's press statements and awards. This year marks the first time Acura has used radio spots.

The emphasis on performance and speed in commercials, with shots of the car cornering on race tracks and revving to top speeds within seconds, have had some minor drawbacks. One 60-year-old Californian was appalled when his insurance company refused to insure his new 1988 Acura Legend sedan because they considered it a high-performance vehicle. Other insurance companies agreed to insure the car, but only with expensive premiums.

"[It's] smarter to advertise the overall performance and feel of an interesting car than to talk about flat-out speed because that does attract the attention of insurance companies," says Mr. Buckhammer.

So far, Honda's ad strategy has paid off in sales. With less than half the dealers of each of its major competitors last year, Acura became the best-selling import in the U.S. luxury market. In 1987, total U.S. sales were up 52% from the previous year, from 52,869 in 1986 to 109,470 in 1987. The company is projecting sales of 150,000 to 160,000 this year and about 300,000 by 1990, according to Mr. Conn.

Whether that goal proves too ambitious depends how fast the luxury car market continues to grow. According to J.D. Power, sales of cars priced above $20,000 have nearly doubled since 1980 to about 1.2 million last year, while the overall automotive market has grown only half as fast.

Christopher Cedergren, senior automotive analyst at J.D. Power, projects the category will grow another 20%, or more than 200,000 cars by 1991.

Others in the industry are less sanguine. Carl Flesher, general manager, marketing communications for BMW of North America, Montvale, N.J., says BMW forecasts a slowdown in growth in the upscale vehicle market in the wake of Black Monday, the weak dollar and the new tax law.

"There's probably not room for everybody [in the luxury auto segment]," said George Peterson, president of AutoPacific Group, a Newport Beach, Calif. research company. However, Acura, because it introduced the first upscale Japanese import, will probably continue to do well, he says. But Nissan and Toyota, by waiting, may be introducing their upscale lines in the middle of a recession. "They're going to have to make more noise to get attention," Mr. Peterson says.

Toyota and Nissan are expected to spend at least $60 million each the first year to promote the introduction of Lexus and Infiniti. In contrast, American Honda's first year ad budget for Acura was about $20 million, not quite large enough to support the introduction of both the Legend and Integra lines, according to Mr. Peterson.

"A lot of their dealers were forced to advertise . . . probably more than they anticipated just to establish brand awareness and get the attention of the public."

The Acura ad budget increased to the mid-$40 million range in 1987 and is expected to rise above $50 million this year as the company almost doubles its dealer network to 400-plus and strives to meet sales projections. Still, Mr. Peterson says, "[The Acura division] probably could do more in terms of share of voice to make sure their cars are very solidly entrenched before the Lexus and Infiniti get here."

Acura's initial idea was to attract "move-up" Honda buyers—those ready to graduate into a more expensive model. Acura, benefiting from the falling dollar against the yen and mark, is now attracting the European import buyers, according to industry analysts. Although, the Japanese and European automakers both increased their car prices, the initial sticker price of European imports were higher. This sent more potential customers of BMW and Mercedes to Acura dealerships, industry analysts say.

Recent prices for the Legend models, the flagship of the Acura line, ranged from the mid-$21,000 range for a 4-door sedan to about $30,000 for the Legend Coupe LS. BMWs range from about $24,000 to $67,000, while Mercedes range from $30,000 to $70,000.

Competitors are quick to acknowledge the significance of Acura's presence in the luxury market and the coming of Lexus and Infiniti. "Any European manufacturer that sells cars in the $20,000-to-$40,000 range must be fully aware of what the Japanese [automakers'] plans are. If they aren't, based on what [the Japanese] have done in the past, they could pose a very grave threat," says Mr. Flesher.

Although BMW's U.S. sales were down about 10% in 1987 from the previous year, the German automaker says it isn't changing its strategies in response to Acura, according to Mr. Flesher.

The Acura's success has put European automakers on the defensive, according to Peter Serchuk, group creative director at Grey Advertising, New York, Mitsubishi's agency.

"Acura has come in and proved people will pay [more than $20,000] for a quality Japanese car if treated properly."

Ruth Stroud is Ad Age's *Los Angeles-based correspondent.*

Lexus learning the lexis of luxury

By Chuck Wingis

The official launch of the 1990 Lexus luxury car division of Toyota is still some 18 months away, but the pre-sell promotion has already begun. Lexus marketing executives, after studying some competitors' promotional strategies, expect to model their efforts after some of the auto industry's most successful launches. In fact, Lexus' research included talks with Acura dealers.

"Textbook example: Ford's Taurus and Sable launches were the best we've ever seen. The cars were sold out long before they came to market, a great pre-sell," says Janet Thompson, the division's national marketing/operations manager. Ms. Thompson is former national ad manager for Toyota pickup trucks and one-time Chrysler Corp. executive.

Chuck Wingis is an ADVERTISING AGE *corporate editor.*

■ *Eager new Toyota division does its homework in studying other car launches*

Prototype Lexus models will be displayed at the first of the 1989 national auto shows next January. The finalized versions of the factory production units are expected to roll into dealer showrooms in September, 1989.

This year marketing strategies for Lexus—the car that Toyota Motor Sales U.S.A, Torrance, Calif., has promised will be "a dramatically new, world-class luxury performance sedan that will establish new standards in technology and performance"—will focus on image-building and name recognition.

According to Ms. Thompson, "We're expecting to do a tremendous pre-sell. By the time of the official launch and dealership grand openings everything with a Lexus name on it will be sold and gone. They're exclusive cars, not mass-market vehicles. Supply will be about one less than demand."

Toyota: Total U.S. car sales

1986	641,195
1987	630,052
% change	−2%
Projected 1988	same as 1987

Source: Automotive News. Projected 1988 sales from Toyota Motor Sales U.S.A.

Although Lexus was formally announced late last August, Toyota had the concept of the new division at least since January, 1987, when J. Davis Illingworth, previously the company's assistant national sales manager, was named corporate manager. Before joining Toyota in 1980, Mr. Illingworth had spent ten years at Chrysler Corp.

There are currently 40 staff members for the division; the company hopes to have more than 200 people on board by the fall 1989 launch date. Upcoming hirings will include administrators for sales development and auto shows/special events.

Lexus was hastened by the March, 1986, entry of American Honda Motor Co.'s luxury-car division, Acura, and by Nissan Motor Corp.'s Infiniti division, which was announced just a month ahead of Lexus.

When Toyota decided to join the other players in the luxury car segment, it moved quickly, selecting the company's Saatchi & Saatchi DFS, Torrance, Calif., as the agency for Lexus in early November.

The S&S offspring handling Lexus is known as Team One. Scott Gilbert, senior VP for Team One, had previously worked with Ms. Thompson for nearly a year executing the marketing strategy that established Toyota pickup trucks as a market leader.

The day after its selection, Team One began fine-tuning its research of the luxury car market and began creative

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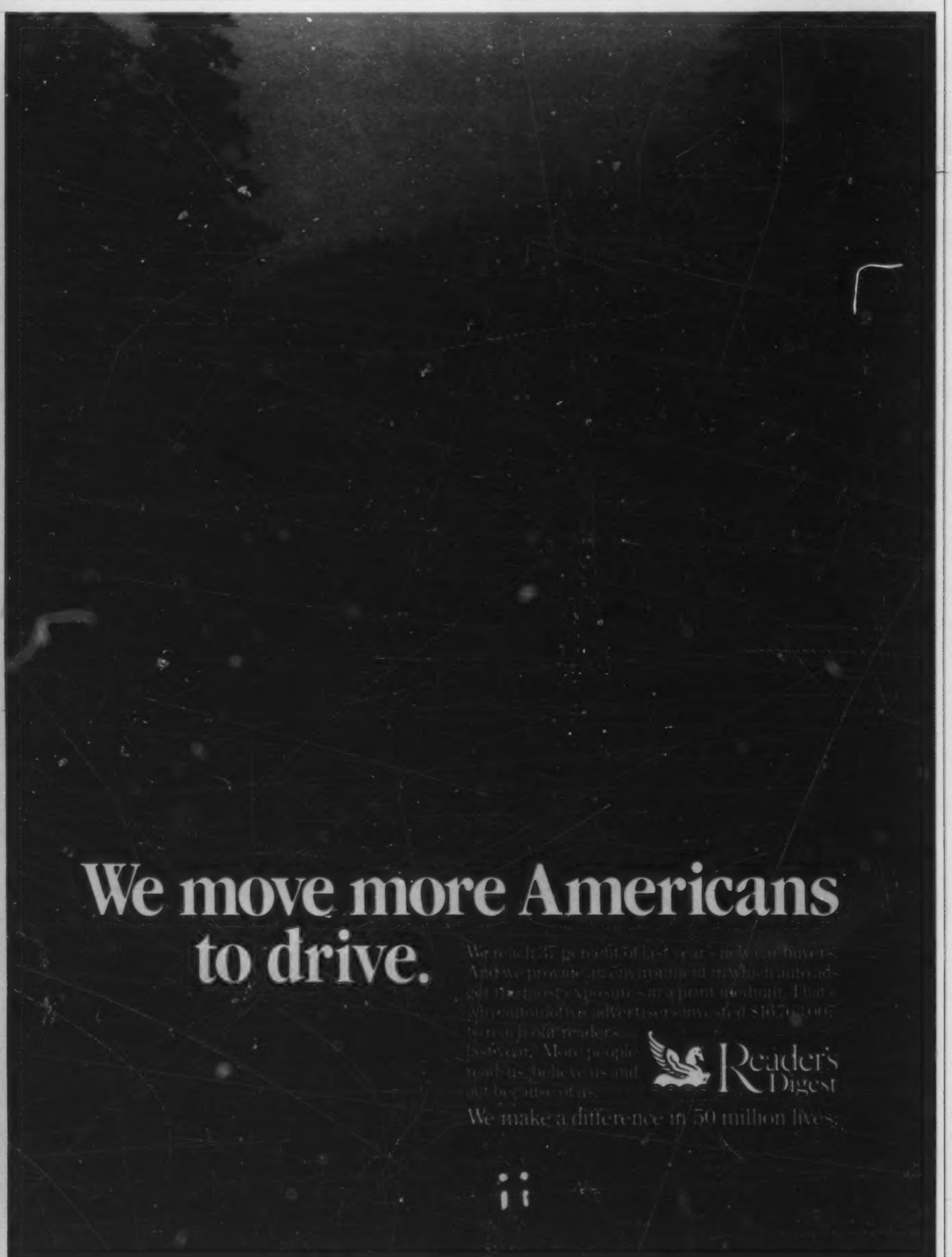

Most prestigious	Most luxurious	Most reliable	Most practical	Most fun	Most sporty
1. Lamborghini	1. Mercedes	1. Mercedes	1. Honda	1. Porsche	1. Porsche
2. Porsche	2. Cadillac	2. Toyota	2. Toyota	2. Lamborghini	2. Lamborghini
3. Mercedes	3. Lincoln	3. BMW	3. Ford	3. Jeep	3. Jaguar
4. Jaguar	4. Jaguar	4. Volvo	4. Chevrolet	4. Jaguar	4. Mercedes
5. BMW	5. Lamborghini	5. Porsche	5. Nissan	5. Mercedes	5. BMW
6. Cadillac	6. BMW	6. Jaguar	6. Buick	6. BMW	6. Jeep
7. Lincoln	7. Porsche	7. Lamborghini	7. Oldsmobile	7. Nissan	7. Nissan
8. Audi	8. Audi	8. Nissan	8. Volkswagen	8. Toyota	8. Audi
9. Volvo	9. Oldsmobile	9. Honda	9. Chrysler	9. Saab	9. Toyota
10. Saab	10. Volvo	10. Oldsmobile	10. Volvo	10. Audi	10. Saab
Least prestigious	**Least luxurious**	**Least reliable**	**Least practical**	**Least fun**	**Least sporty**
1. Volkswagen	1. Jeep	1. Renault	1. Lamborghini	1. Lincoln	1. Lincoln
2. Jeep	2. Volkswagen	2. Jeep	2. Porsche	2. Chrysler	2. Cadillac
3. Chevrolet	3. Honda	3. Peugeot	3. Cadillac	3. Renault	3. Chrysler
4. Honda	4. Renault	4. Pontiac	4. Lincoln	4. Oldsmobile	4. Oldsmobile
5. Toyota	5. Toyota	5. Chrysler	5. Jaguar	5. Buick	5. Volkswagen
6. Ford	6. Chevrolet	6. Mercury	6. Peugeot	6. Mercury	6. Buick
7. Renault	7. Nissan	7. Audi	7. Saab	7. Cadillac	7. Mercury
8. Nissan	8. Ford	8. Volkswagen	8. Jeep	8. Peugeot	8. Renault
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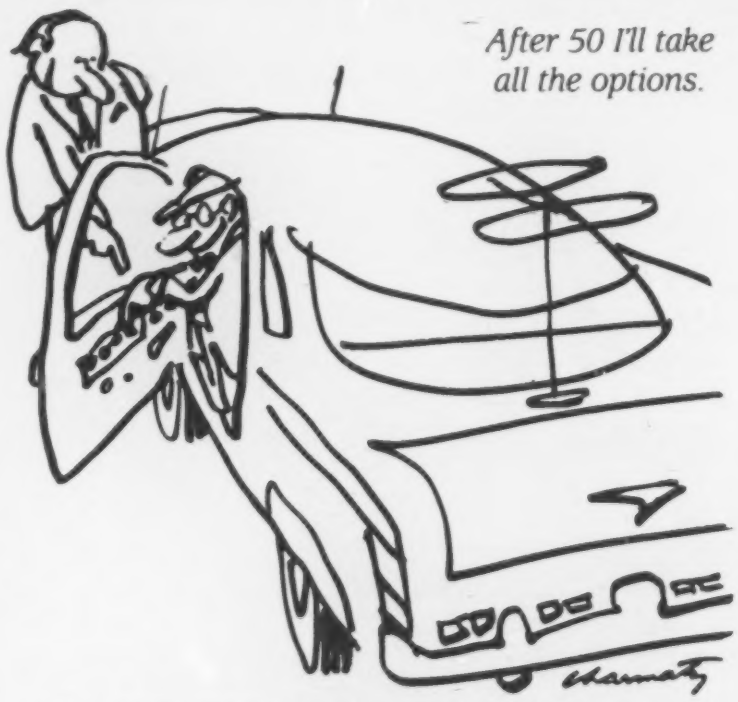
10. Pontiac	10. Peugeot	10. Ford	10. Audi	10. Volvo	10. Chevrolet



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Lexus learns lexis of luxury

(Continued from Page S-6)

work on a Lexus video presentation for the 1988 auto show season.

Their study found that an estimated 29 new models would enter the market by 1992, bringing the total number of models in that category to 70 or 80.

The Team One videotape debuted at the Greater Los Angeles Auto Show in January. No Lexus product was shown but the video presentation helped trigger 5,000 consumer inquiries from potential buyers. Repeat performances in Chicago, Atlanta and New York auto shows were expected to boost the total response to more than 20,000 names, leads Team One will follow up with a direct-mail campaign.

Full-page ads that ran last summer in *Automotive News* and *Ward's Auto Dealer*, have generated more than 1,000 inquiries and 400 applications (as of January) from potential Lexus dealers, according to the company.

Trade ads last summer drew more than 1,000 inquiries to become one of the estimated 100 Lexus dealers.

The print ad reads, "Lexus is looking for the finest dealers to sell the world's finest motor cars," and carries the names and addresses of the division's area marketing representatives. Besides the auto shows, this one ad represents the only real advertising Lexus has done to date.

The ante for acquiring a dealership is $3 million to $6 million, depending on market location. Both Toyota and non-Toyota dealers are being considered as Lexus dealers. They will be judged on their customer satisfaction records, financial soundness and business know-how.

About 100 dealers will be in place at launch time; the first dealers will be announced in late March or early April. Dealers will be concentrated in the top 50 U.S. luxury car markets.

A public relations effort is also polishing the Lexus image. The liaison between Lexus management and press is Kurt von Zumwalt, public relations manager, a 14-year veteran of the Toyota Motor Sales organization.

Phase one of the promotional effort began in January with the unveiling of the Lexus logo at the Los Angeles Auto Show. Known as the gold "L" design, the logo was the product of three design and advertising agencies over a six-month period.

The new logo was tested with Toyota employees and focus groups made up of luxury car owners. Nearly 75% of the test groups rated the gold "L" as their first or second choice among the eight designs tested. Gold will be the primary color for Lexus logo applications.

In January, Toyota also released an artist's rendering of the Lexus sedan, which will be one of the two 1990 models.

Both models are Japanese designed and built. Auto shows scheduled for the 1989 season will feature actual prototypes of the Lexus models. The division's primary market will be the U.S., although the line will eventually be sold in other major markets throughout the world.

The flagship model, priced from $30,000 to $35,000, will be a 4-door, luxury sedan, with a V8 engine and equipped with state-of-the-art electronics. The sedan will compete in the market now dominated by European nameplates—Mercedes-Benz, BMW, Jaguar, Volvo and Audi—but the majority of buyers are expected to be baby boomers, many of them Toyota

(Continued on Page S-14)

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AA 288

Lexus learns lexis of luxury

(Continued from Page S-10)

owners looking to move upscale.

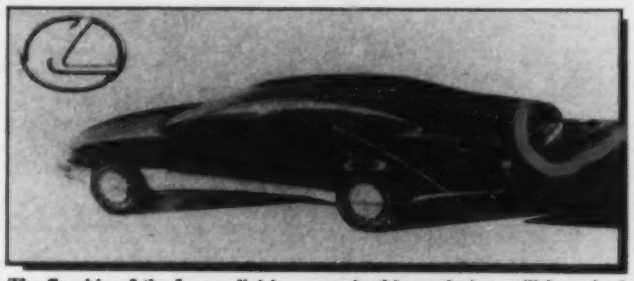
A second Lexus model, a 4-door sedan powered by a V6 engine, will carry a price tag of about $20,000. The sedan will compete with selected European models as well as the Acura Legend and the Sterling. A sport coupe will be added to the line in 1991.

Toyota's Lexus division and Nissan's Infiniti division each will have three basic model lines by 1991 to compete in the upper-$20,000 to mid-$30,000 range.

Infiniti's 1990 V8-powered flagship sedan and Lexus' V8 sedan are expected to try to create a new niche between the big American luxury cars and European cars, such as Mercedes-Benz, Volvo and BMW's 5 and 7 series.

Lexus executives see the Acura Legend, which sells in the $20,000- to-$25,000 range, as being more volume-oriented than Lexus models. And, priced at $30,000-plus, the Lexus V8 comes to market at a higher price level than the Acura. "Our $20,000 near-luxury Cressida is more in the range of the Acura and is a nearer competitor," says Ms. Thompson. "With Lexus we're coming in with an exclusive, true luxury car, 'leap-frogging' the Acura, which is more of a mass-market product . . ."

Total sales of the Acura Legend and Integra in 1987 were 109,470 units.



The flagship of the Lexus division, seen in this rendering, will be priced from $30,000 to $35,000.

Though the Lexus executives wouldn't discuss advertising budgets, they did say they expect to spend heavily—possibly more than the competition—in order to carve a niche in the crowded, luxury segment. Spot TV, radio, auto buff magazines and selected consumer publications will part of the media mix.

The luxury market is a high stakes game, says Ms. Thompson. "A $50 million, $60 million budget . . . BMW is up to $75 million now . . . and that's just in basic media spending. They can see us coming and they're trying to solidify their markets as much as they can."

While Acura reported total sales gains in 1987, other importers in the luxury category did not.

The Lexus sales forecast for the first 4 months, is 16,000 units. Tentative sales target for calendar 1990, its first complete year, is 60,000 units, rising to a goal of 100,000 units in its fifth year.

> ***"We're expecting to do a tremendous pre-sell. They're exclusive cars, not mass-market vehicles. Supply will be about one less than demand."***
>
> **Janet Thompson**
> **Lexus**

"You lose exclusivity when you aim for the mass market and a 600,000-unit sales goal," says Mr. Illingworth.

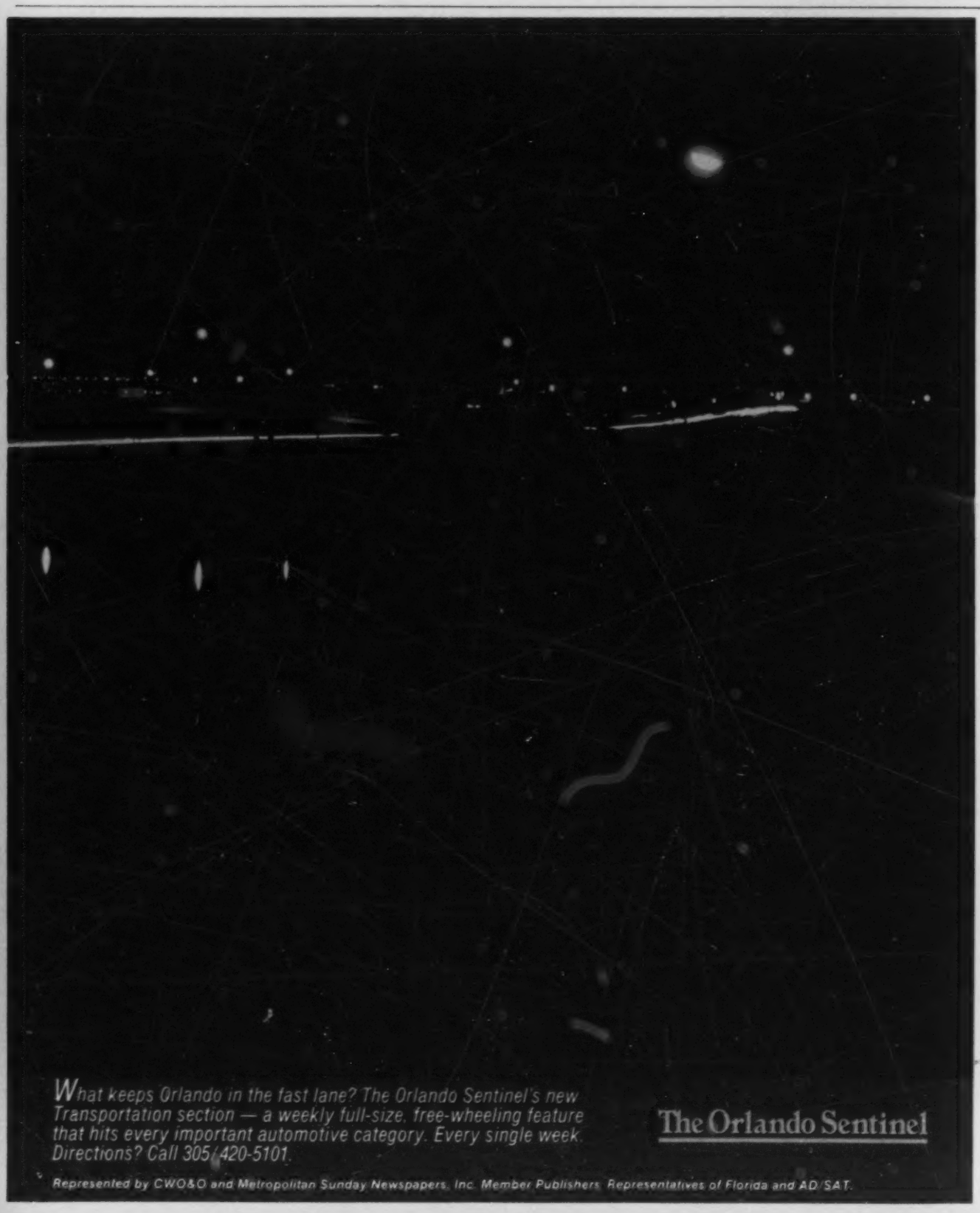
Last fall, at the start of the 1988 model year, Toyota adopted a three-year/36,000 comprehensive car warranty, same as that for Honda's Acura line and some European manufacturers. The same type of warranty is expected to extend to Lexus cars, although Toyota can be expected to tout product quality, not the new warranty.

The launch is proceeding on schedule, however, there are still advertising and marketing questions to be answered, such as sports sponsorship and the use of celebrity spokesmen. The Lexus marketers view sports, both local and national events, as an important part of the luxury-car promotion effort.

"We're still six months away from making a decision in this area. We think the customer we're trying to reach is very focused, so our attention needs to be equally focused on specific media offerings that appeal to . . . the customer's interest." Possible areas may include college basketball and cultural events programming, says Mr. Illingworth.

"Our preliminary research indicates that maybe a celebrity spokesman wouldn't work for us, but we're certainly not going to overrule that possibility," he says.

"We've only begun to work on our creative and we're not going to eliminate any approach too early in the game."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Infiniti eyes young, affluent crowd

By Sheryl Harris

A competitor's success and Nissan Motor Corp's own research are inspiring yet another grab for a share of the upscale car market.

Ready for launch in the fall of 1989, Nissan's Infiniti division will splash onto the auto scene with an ad budget "above and beyond what Acura spent," according to William Bruce, general manager of the Infiniti division.

Acura's first year budget was about $20 million and in 1987 has increased to the mid-$40 million range.

Executives at the Carson, Calif.-based Infiniti division contend that studies conducted the last two years, coupled with lessons learned from Honda's 2-year-old Acura division indicates that yuppies acquainted with Japanese cars are ready to graduate into a luxury Japanese car comparable to that of a Mercedes-Benz or BMW.

Mr. Bruce says that more than a year's worth of research has helped Nissan target potential upscale customers in the 1990s. "They want what we call the Total Ownership Experience," says Mr. Bruce. "It is a triangle of the product, the purchase experience and the ownership experience."

"The Infiniti division buyer will be younger than those of some other luxury divisions, their income and education level will be higher and many will have moved up recently into the luxury category," predicts Mr. Bruce.

The division's executives believe potential Infiniti customers expect the product to be comparable to any luxury car available in terms of design, function and price.

■ *Nissan unit expects to sell to buyers wanting the Total Ownership Experience*

Mr. Bruce says the purchasing experience for Infiniti must be positive. "The programs offered have to be pleasant, friendly, professional and offered on a one-on-one basis."

Also, he says, "Once you buy the car, you don't want to wait in lines for service. You want the entire operation to be [convenient]."

He says the division will employ knowledgeable service representatives who will be able to discuss the needs of the car with the customer and provide good service, communication and follow-through.

"The first manufacturer to do that on a nationwide basis is going to be a big winner," he says.

Infiniti franchise dealers are required to have a full-service, stand-alone facility designed for the needs of the buyer. "We want to be small," Mr. Bruce says. "We are accepting 75 franchises the first year and maybe 300 for the whole division. We believe we can provide better focus and offer unique services if we stay small."

The company plans to announce their dealerships shortly after the National Automobile Dealers Association meeting earlier this month.

The Infiniti symbol was created by Lippincott Margulies, New York. According to company sources, the mathematical symbol was too generic, so Infiniti chose one that created a "limitless and boundless image." The two sides of a cirle converge and turns inside itself forming an apex, which Infiniti sources say represent a road without end. The Infiniti name was chosen "because it was conceptually consistent with the Japanese heritage." An "i" rather than a "y" is used for product distinction.

Mr. Bruce predicts the luxury market will experience "rather dramatic growth well into the 1990s—one of the most rapid growths in the automotive industry. The functional luxury car sales will approach 500,000 in the early '90s. It is an arena that Nissan certainly wants to be in.

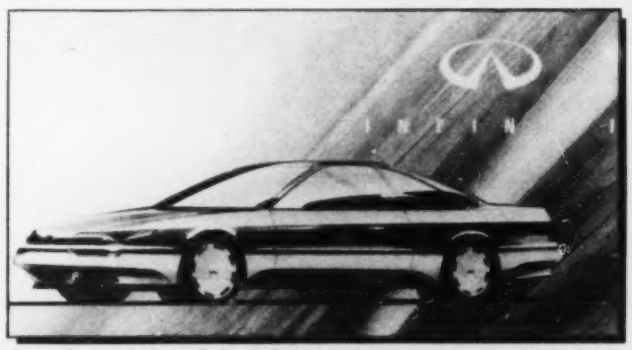
"The European luxury cars are more functional luxury, and domestic luxury cars are what we term traditional luxury. We target to the functional luxury buyer."

Infiniti will offer two products in the first year of operation: a 2-door specialty sport coupe and a 4-door sedan.

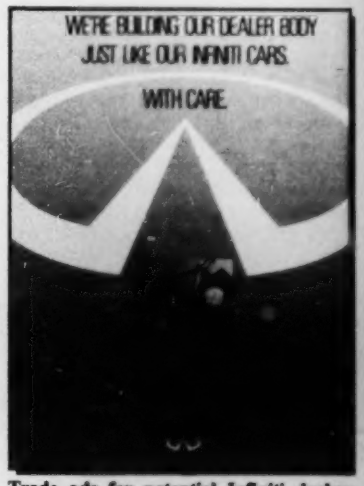
Mr. Bruce says that Infiniti will differ from the Honda's upscale Acura line "not so much in terms of strategy as in product. In terms of size and functional characteristics, our cars are going to be differentiated. Our 4-door luxury sedan is going to be bigger than what Acura has now, more powerful," he says. "Our product differentiation will be the most distinguishable, along with our focus, the small number of dealers and attention to the Total Ownership Experience."

Infiniti executives haven't decided whether or not they will carry "Total Ownership" into their advertising. The search for an ad agency to handle the Infiniti account is scheduled to begin this spring. "We'd like [the agency] to be aboard by summer to give time to work out final strategies before the fall '89 introduction," says Mr. Bruce. "We believe they must be a full-service agency. The Infiniti division is important enough and the budget will demand that. It must be dedicated to Infiniti division as a major part of their account."

Sheryl Harris is a free-lance writer based in Agoura Hills, Calif.



An artist rendering of the Infiniti specialty sport coupe shows off its aerodynamic look. The car will be powered by a race-tested V-6.



Trade ads for potential Infiniti dealers were meant to be selective.

Nissan builds on 'human race' bid

By Sheryl Harris

Nissan's search for corporate identity began in when research done in 1986-1987 showed the company's image needed strengthening.

However, the company says its research of success of the ongoing "Built for the human race" ad campaign—which features designers and engineers discussing car design—is encouraging, despite criticism. "Initial research confirms we are on the right track," says Joe Opre, director of advertising, Nissan Motor Corp., Carson, Calif.

He says that the "Human Race" campaign, which broke in October, has high recall by consumers. According to the study, after four weeks on the air, 75% of the people polled recalled the company's TV spots, 75% believed the spots are unique in the automotive business, 71% said they liked it, and 64% said the spots increased their interest in Nissan and they would consider buying a Nissan. "In exit interviews, many could repeat or describe the commercial in detail. It is getting noticed and watched," says Mr. Opre.

"The overall essence [of the 'Human race' campaign] is to really establish a foundation for an image for Nissan that we can develop and begin to manifest as we introduce new models in '89," says Tom Patty, VP and executive director, Chiat/Day, Los Angeles. "We are attempting to differentiate Nissan on a simple basis: Nissan is different from other manufacturers because of human engineering . . . There are actually designers just like the ones in the ads at Nissan Design Institute in La Jolla that do exactly that," he says.

The campaign was preceded by a number of changes in 1987. "The name is Nissan" theme was altered mid-year by adding, "We make you feel like driving." Then, in August, William Esty Co., New York, was fired from the $150 million account and Chiat/Day was selected as Nissan's new agency. A flurry of redesigned vehicles were introduced in 1987, and the company's positioning took a harder product-oriented approach, and then finally a non-product corporate image-building focus.

Nissan: Total U.S. car sales

1986	546,896
1987	529,154
% change	– 3%
Projected 1988	535,000

Source: *Automotive News*. Projected 1988 sales from Nissan Motor Corp.

"The 'Human Race' campaign is intended to evolve over the next year," says Mr. Opre. "Our intention is to create an image . . . that our cars are designed with the potential owner in mind."

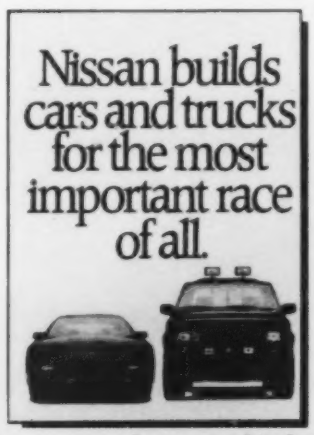
"We also want to create a point of difference among the Japanese brands," he says. "It is a hodgepodge of various brands right now. We want to create some personality for ourselves."

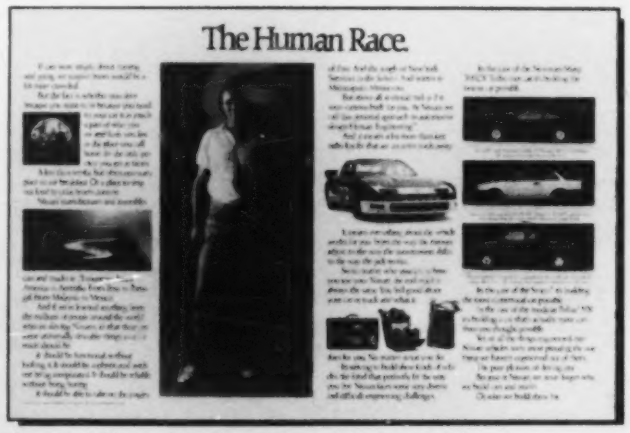
Mr. Opre says that part of the reason the TV spots were so successful was because of their presentation. "Phase I viewers didn't necessarily have an awareness of a specific model or even that [the spot] was an ad until the end.

"The October-December Phase I television spots were more generic, more philosophical," he says. "The focus was less product-specific but with more Nissan brand emphasis."

Phase II of the campaign launched in January and will run through May. Radio, TV and print ads emphasize pri-

(Continued on Page S-18)





Long copy print ads continue the "Human Race" campaign emphasis on function.

Yugo warranty aimed at skittish buyers

By Tim Harris

The Yugo, once described by *Consumer Reports* as difficult to recommend at any price, addresses reliability concerns in advertising its 1988 models. "We're shifting emphasis from pricing to features and benefits," says William Prior, president of Yugo America, Upper Saddle River, N.J.

"We want consumers to say, 'Hey, we appreciate [the fact] this car is a good value.' "

Yugo America executives say their car has a pricing, not a value problem.

"The consumer's perception of value is [the car's] features, plus its reliability, divided by its price. In the early days, we put so much attention on price to launch the brand that we didn't tell the other side of the story," says Paul Lambert, president of Yugo's agency, Lambert Dale Advertising, New York.

The centerpiece for Yugo America's 1988 marketing and advertising efforts is a comprehensive warranty plan for all of its 1988 models. "During the first 12,000 miles or first year of ownership," says Mr. Prior, "a Yugo owner won't have to pay for any parts or servicing. If you need a little oil or some fluids checked, go to the dealer. He'll do the work at his own expense."

Under this first-year or 12,000-mile warranty plan, Yugo owners will not pay for parts or labor costs for wear-items, such as clutches or wiper blades, or for adjustment-items, such as wheel balancing. "If the driver hits a pothole, . . . we still pay," Mr. Prior says.

The warranty also covers parts and labor costs on the engine and transmission for four years or 40,000 miles. "We're wrapping our customer in a peace of mind package," he adds.

This warranty confronts Yugo's inexpensive-but-cheap image. This image, both the cause and bane of Yugo sales in America, has not prevented Yugo from leading its particular market niche. "We sell 60% of the new cars with a transaction price under $6,000" says Mr. Prior.

At the same time, Yugo is not considered a tough competitor in the broader, entry-level market—the segment that includes all cars with a base price, not a transaction price, under $6,000.

Industry analysts credit Yugo with redefining this entry-level niche by creating the mini-compact segment. This occurred in mid-1985, when Yugo America announced a $3,990 base price for its GV, the only car it sold. Since then, Hyundai, Ford, Volkswagen, Subaru and Mitsubishi and others have produced cars for this market segment.

"Other low-price cars have a reputation for higher quality, and people choose these cars even though the GV's base price is $1,000 less," says Christopher Cedergren, a senior automotive analyst with J.D. Power & Associates, Westlake Village, Calif.

As a result, Yugo sales have been consistently disappointing. In 1986 and 1987, sales were 35,959 and 48,812 respectively.

During the American debut of the GV, in August, 1985—the GV was available in Europe at least four years before the U.S. introduction—the company had predicted 200,000 in eventual annual sales.

Yugo America's advertising and marketing goal for its 1988 models is to change the potential customer's perception of the car.

"We don't necessarily want people to think it's the best car," says Mr. Prior. "But we want people to think it's the best choice."

The company has doubled its marketing budget from 1987 to $48 million, with the "vast majority" being used for advertising, according to a company spokesman. Last year, the marketing budget was $26 million and $22 million went to advertising, according to the company.

"Price will still be our calling card," explains Mr. Lambert. "But we're also going to emphasize the toughness and reliability of the car."

To deliver this message, Lambert Dale has developed five new 30-second Yugo TV spots. The tagline for the ads is "The toughest, most dependable cars a little money can buy."

The company broke these commercials in January on such prime-time TV shows as "The Cosby Show," "Knots Landing," "Simon and Simon" and "The CBS Evening News."

The spots try to establish that the Yugo is tough and reliable. To make this point, Yugo America brandishes the GV's solid performance in several automobile endurance races.

Yugo now offers three models, the GV, GVL and GVX. One 30-second TV spot show the three models zooming

Timothy Harris is a New York-based free-lance writer.

Yugo: Total U.S. car sales

1986	35,959
1987	48,812
% change	36%
Projected 1988	70,000

Source: *Automotive News*. Projected 1988 sales from Yugo America.

"If the driver hits a pothole, we still pay. We're wrapping our customer in a peace of mind package."

William Prior
Yugo America

One of Yugo America's new models to debut this year is the GVC convertible, which will be priced under $10,000.

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Nissan builds on 'race' bid

(Continued from Page S-16)

mary vehicle attributes: performance, innovation and technology.

The performance spot features the 300-ZX and Maxima. The Pulsar NX—advertised as the first real modular car—is spotlighted in the innovation spot. And, Maxima's sonar suspension system illustrates Nissan's technical detail spot.

An important part of Phase II is the addition of product-oriented multi-page magazine inserts, says Mr. Patty.

The 12 and 20-page color inserts featuring Nissan's 1988 lineup will appear nationally this month in *Automotive News, Cycle World, Four-Wheeler, Four Wheel & Off Road, Newsweek, People* and *Rolling Stone*.

The inserts will continue the human-engineering theme and show various models from the Nissan lineup. "The campaign was designed to handle image building in broadcast media and use print media to handle product coverage. All print coverage is very product focused," he says.

Phase III of the "Human race" campaign is scheduled for May, June and July. TV spots and print ads will be product oriented and feature individual models.

Other marketing efforts to build consumer awareness, corporate image and brand and product knowledge "will be a gradual evolution," says Mr. Opre. "There are millions of

along on rugged, desert terrain, while the voiceover explains the company's new comprehensive warranty plan. The tagline also is "The toughest, most dependable cars a little money can buy."

The company will introduce the GVC, a convertible, and a sporty model of the GV, the GVLS, later this year.

"The One-Lap of America Race is our [country's] toughest road rally," says Mr. Lambert. "It's 8,000 miles in 22 states and Yugo placed third [in 1987]."

The car also performed well in recent One-Lap Florida and One-Lap Michigan rallies, he says. Another spot for the GV, GVL and GVX, which broke this month, simulates the One Lap of America race.

These commercials are a departure from past Yugo America advertising strategies. Ads for Yugo's 1987 GV had the tagline: "Buy yourself a little freedom. Buy yourself a Yugo." With the new executions, says Mr. Lambert, "We were trying to give a little personality to the brand."

The emphasis on toughness and reliability is possible because of changes in Yugo's manufacturing and engineering. Since 1986, the company reportedly has made 230 changes that improve the Yugo's styling, comfort and reliability.

"They're doing whatever it takes in their plant in Yugoslavia to give credibility to their claims of improved durability and reliability," says Mr. Cedergren.

Yugo America executives believe the GV's enhanced toughness will broaden the car's appeal. Currently, the car usually attracts first-time buyers, who often lack the cash or credit for a more expensive auto. Blue-collar workers of all ages are also buyers. Overall, women make up 56% of Yugo buyers, according to the company.

"With these ads and our emphasis on reliability," explains Mr. Prior, "we're trying to expand the types of people who will put the Yugo on their shopping list. These ads should be market expanding and not cannibalize our existing market base."

Auto reviews criticizing the car and public skepticism contributed to the brand's disappointing start in the U.S. "Right now, purchasing a Yugo is not perceived as a smart thing to do," says Mr. Prior.

Attitudes may be changing, however. "We don't have any tracking study telling how consumer perception of the Yugo is changing," says Mr. Cedergren. "But we have anecdotal information indicating the public thinks quality is up."

> ***"The One-Lap of America Race is our [country's] toughest road rally and Yugo placed third [in 1987]."***
>
> **Paul Lambert, Lambert Dale Advertising**

Even so, Yugo America has to wage the battle for product credibility in its dealers' showrooms. To do so, Yugo America needs dealers who are committed to selling the cars. Currently, less than 10 of the company's 324 dealers sell Yugos exclusively. Some dealers reportedly steer buyers to their other car lines.

To counter this problem, Yugo America is encouraging its dealers to assign special salespeople, technicians and showroom space to its cars.

Should this heightened dealer and service commitment take hold, the company then wants to broaden its customer base by positioning itself as a supplier that works exclusively in the entry-level market. "Yugo America now has a full line of cars," says Mr. Lambert. "There are five models available that range in price from $4,190 to $5,900. No other manufacturer supplies only this market. Hyundai has only one car at $5,200. All their other cars are between $8,000 and $10,000."

"There will always be demand for the Yugo," says Mr. Cedergren. "Here, the most important thing is price; the GV base price is still only about $4,190."

"What we're saying about quality and value has to go past the TV set and into the showroom and to the psychology of the dealer and mechanic," says Mr. Prior. "What we need is marketing with a capital M." AA

possible permutations. The strategy will remain the same although its execution may change," he says.

"It is a competitive market and there are incentive programs and manufacturers with high inventory. The consumer is in control," says Mr. Patty.

"In a competitive market you have to get smarter than the competition. One way to do that is design and build a differentiated product . . . so [consumers] want your product specifically," he adds.

"We are building a foundation for that."

Nissan's share of domestic sales was 5% in 1986. It retained its 5% share during 1987, in a total sales market that was down 6.04% from last year. The company expects its share to increase to 6.3% for 1988. AA

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Source: Survey of Buying Power 7/86. Circulation 86-87.

Reborn Audi rekindles youth

By Sandra Lee Breisch

Audi of America is entering 1988 with a substantial 1987 U.S. car sales decline brought about, in part, by lingering image problems from the 5000S alleged unintended acceleration. The company is depending on an estimated $40 million marketing budget—the largest part of which is being spent on "image" advertising spots for the 80/90 sports sedan —to regain U.S. sales and win back consumer confidence.

Sandra Lee Breisch is a Chicago-based free-lance writer.

"The sports sedan market is a new market for us. We are certainly concentrating on it because it has been so successful in Europe and we are hoping to make it successful [in the U.S.]," says Tony Kirton, marketing director of Troy, Mich.-based Audi. The prices of the 80/90s range between $18,000 and $27,700.

Says Christian Von Glasow, senior VP, management supervisor at DDB Needham Worldwide, Detroit, who handles the account, "Part of the strategy is to put all the thrust behind the new cars . . . " According to Fred Zosel, public relations manager, Audi has not increased its total media budget from 1987.

Audi: Total U.S. car sales

1986	59,795
1987	41,322
% change	– 31%
Projected 1988	40,000

Source: *Automotive News*. Projected 1988 sales from Audi of America.

While DDB's Troy-based office is handling creative on dealer co-op ads and services the account, its Chicago office is handling the creative. Audi's latest marketing efforts, which broke in November, include print and TV spots that take a soft focus and reminisce on childhood days. Pedal cars, sleds, paper airplanes and bicycles with training wheels are used in the spots to elicit emotional responses.

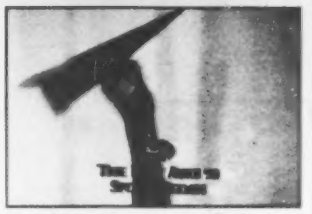
For example, in one of the four TV spots, the camera opens on a young boy in a pedal car with voice-over, "Remember what it was like to drive a car by the seat of your pants? Hair flying. Heart pounding. Pulse racing. You flew. Limitations were exceeded. Expectations surpassed. You and your car were one . . . "

Bill Klimas, DDB senior VP, group creative director and copywriter, says, "What I tried to do in these spots was tap into the feeling all of us experienced when we were kids. There was a certain pleasure and joy that came with riding a bike. A sense of freedom that was experienced when you raced down a hill in a little pedal car. This was our first taste of being in control, of being able to transport ourselves from one place to another. And have fun doing it. The promise of these commercials is that you can recapture those forgotten feelings in an Audi . . . "

Dick James Productions, Los Angeles, took about a week to produce each spot with music created by Steve Samler in Chicago. Costs for the spots were unavailable.

Print ads appear nationally in newsweeklies, buff books such as *Car & Road* and magazines such as *Gourmet*, *Town & Country* and *Smithsonian*.

Four different radio spots are playing in "snow-markets" such as Chicago, Denver, Detroit and New York. According to Mr. Zosel, the radio spots differ from the TV spots in that they run only in "snow-markets" and were designed to feature certain qualities of the Audi models.



Aerodynamics are emphasized in one nostalgia spot, which features a boy making a paper airplane.

A child's excitement behind the wheel of a pedal car is used to capture the feeling of driving an Audi.

For example, one radio spot begins with a travel advisory, "You wouldn't need a snowstorm to appreciate an Audi Quattro, but if you have one so much the better . . . Because the engine power is distributed to all four wheels instead of two, traction is increased and slippage decreased . . . When you have the optimum stopping power of an anti-lock braking system, the combination adds up to one of the most secure mobility systems going . . . "

Direct mailings for the Audi 80/90 series were sent to potential customers, and the company sent a videocassette and product information about the series to prospective buyers who responded to the first mailing.

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Source: Scarborough's 1987 Newspaper Audience Ratings Study

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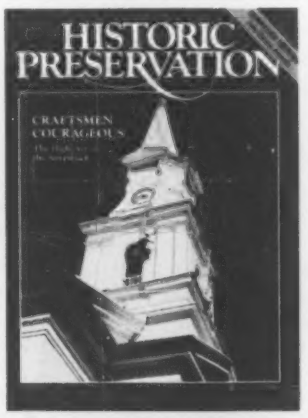

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Originally debuting in Europe a year and a half ago, the 80/90 series outsold both its competitors—the BMW-Three-series and the Mercedes 190 series. According to Audi, sales figures in West Germany through September 1987 were as follows: Audi 80, 110,000; Audi 90, 6,800; BMW Three-series, 75,200; Mercedes 190 series, 88,000.

The Audi 80 is the successor to the 4000 series. The Audi 90 is a new series and reports describe both 80/90 lines as shortened versions of the 5000. Both series have been introduced in the U.S. as 1988 models and come in four versions—all four-door sedans. They are: the front-wheel-drive Audi 80 and the all-wheel-drive 80 Quattro, which replaces the Audi 4000 series, and the FWD Audi 90 and AWD 90 Quattro.

Anti-lock braking systems are standard on all models except the 80 Quattro. The 80 and 90 badging are European, and gradually all Audi series will convert to the European nomenclature. In 1989, the 5000 series will be known as the 100/200.

Audi hopes to attract repeat customers and compete for the European high-group, according to Fred Zosel, Audi pr manager. These include the BMW-3 series, Mercedes 190 series, Merkur Scorpio, Saab, Volvo, Sterling and Acura buyer. Audi's target market for the 80/90 series are consumers with an annual income of $60,000, with an even mix of male and females aged 29-49, 70%-80% of which are college graduates.

Mr. Von Glasow says Chicago, Denver and New York are big-selling Audi markets.

Though total sales predictions for the 80/90 series in the U.S. market are 28,000 units, published reports indicate that U.S. deliveries from the West German automaker Volkswagen AG, have dropped 29% to 42,400 units.

Total U.S. sales for November-December for the 80/90 were at 1,317, according to the company. From December through February, Audi offered a dealer incentive program of 6.9% financing.

Company spokesmen declined giving any specific numbers of production on Audi's 80/90 series as well as the Audi 5000, but admitted all were "definitely lower" this year.

Though all advertising for the Audi 5000 has been put in neutral at this time, Audi plans to reintroduce a facelifted 5000 in July, says Mr. Kirton.

"We'll probably come back with some 5000 advertising pretty soon—it's a volume car for us. We hope that the 5000 will eventually come back . . ." After allegations of unintended acceleration, 1987 sales for the 5000s were 26,000, down from 40,000 in 1986.

Although Mr. Von Glasow admits "Image advertising by its very nature takes longer, . . ." he is confident that Audi will make a comeback in the U.S. market.

Durable Volvo adds another tier

By Len Strazewski

With a two-tier marketing campaign and an increased national advertising budget, Volvo North America Corp. wants to make more of an impression on its U.S. audience.

Volvo, the largest European automobile importer behind Volkswagen AG, is reshaping its advertising into separate national and local tiers using two different sets of TV spots and print ads, all created by its agency of more than 20 years, Scali, McCabe, Sloves, New York.

Len Strazewski, a Chicago free-lancer, is a frequent contributor to Special Report.

The importer is increasing its national advertising budget by an undisclosed amount to increase consumer impressions by 21%, according to Gerry Dudzik, national advertising manager of the Rockleigh, N.J.-based company.

Each of the company's three 30-second TV spots, which ran nationally from Jan. 18 to Feb. 15, represented different aspects of the Volvo image, says John Slaven, senior VP and management supervisor of the Volvo account at Scali.

Volvo: Total U.S. car sales

1986	113,267
1987	106,539
% change	−6%
Projected 1988	same as 1987

Source: *Automotive News*. Projected 1988 sales from Volvo North America Corp.

One spot, "Heavy Traffic," emphasizing construction and durability, shows a truck trailer being placed on top of a Volvo. The announcer asks, "How well does your car stand up to heavy traffic?"

"The spot is rather typical of the work we've been doing for Volvo over the years, emphasizing a traditional message of durability and sound construction," Mr. Slaven says.

In a second spot, "Kalimar," the agency expands the image of fine construction with a look

(Continued on Page S-22)

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	Number in Metro Area	Daily Times Readers	Daily Tribune Readers
Total Adults	1,510,100	44%	32%
Households With Cars	1,401,900	44%	33%
New Car Buyers	701,100	51%	35%

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Source: The 1987 Scarborough Report.

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Subaru finds 10,000 reasons to compete

By Tim Harris

Subaru has decided on a two-tier marketing strategy this year, advertising cars below $10,000 as inexpensive, and those above $10,000 as upscale.

The company will spend an estimated $60 million during its fiscal year marketing and advertising its full line of cars. David Sippel, VP-marketing for the Cherry Hill, N.J.-based company, says the marketing budget will be higher than the previous year. "We plan to spend about 30% of the [advertising] budget on print and 70% on broadcasting."

Lee Garfinkel, senior VP and creative director at Subaru's agency, Levine, Huntley, Schmidt and Beaver, New York, says, "The cars are still reliable and durable. But it doesn't make sense to say that a car over $10,000 is inexpensive." So, the company is using its familiar tagline, "Inexpensive and built to stay that way," only in ads for cars priced under $10,000. Ads for models over $10,000 will have the tagline, "We built our reputation by building a better car."

About 50% of Subaru sales are four-wheel-drive cars. Durability and reliability are central to Subaru's image. "Basically, Subaru has a strong image in the market," says Christopher Cedergren, a senior automotive analyst at J.D. Power & Associates, Westlake Village, Calif. "But when they tried to move upscale, their image became convoluted. There are so many new players in that marketplace.

"Subaru's prices were going higher than its image would support. We view that plan to shift the sales mix to less expensive cars as a very positive step," he adds.

According to J.D. Power's 1987 Customer Satisfaction Index, the Subaru station wagon was rated sixth by Americans. The index is a blend of owner opinions on the technical quality of their cars and their dealers' service.

In part, the company's successful, and award-winning, TV spots have produced the strong core-image for Subaru cars. "We've tried to avoid pretty-car-on-the-road-with announcer-copy ads," says Mr. Garfinkel. "Instead, we've tried to do very human-approach ads. So far, this has helped our ads stand out from the crowd."

Subaru: Total U.S. car sales

1986	179,100
1987	175,864
% change	– 2%
Projected 1988	same as 1987

Source: *Automotive News*. Projected 1988 sales from Subaru of America.

This so-called human approach advertising features Subarus in real-life situations. The Subaru Justy "ad shows the car's technology, but in human terms," says Mr. Garfinkel. "A girl calls up her boyfriend and says that her parents just went out for the evening. So he gets in his Subaru Justy and drives over horrible terrain and through terrible weather to get to her house."

This spot ends with the girl and her father answering the door. "Her parents went out but came back because they didn't have a Subaru," says Mr. Garfinkel. The music is "When a Man Loves a Woman."

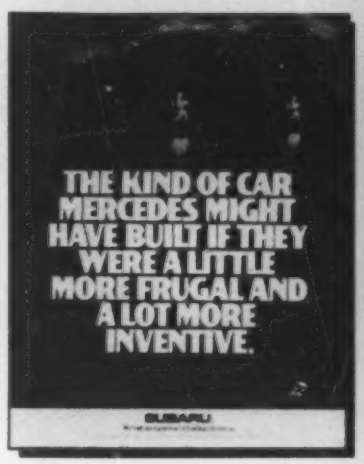
A TV spot for the company's station wagon features a suburban housewife toting children around and running errands. The music over is "Rawhide." The Subaru station wagon's base price is $10,000.

"We showed something like 57 activities in a 30-second spot," says Allan Chalfin, senior VP and creative director at LHS&B. He says the ad shows how a typical suburban housewife uses the car.

Another spot, which features the company's under-$10,000 DL series, captures identical incidents in a drive-in occurring 20 years apart. The music over is "Remember Then."

The spot begins in b&w with an announcer asking, "Do you remember when a drive-in movie was a dollar and a hot dog 10¢ and cars cost less than $10,000?" This scene repeats itself in a contemporary setting with the announcer listing current prices of movies and hot dogs. The spot ends with voiceover, "Subaru has a full line of cars under $10,000 . . . " and the camera pans the lot filled with Subaru DLs.

According to Mr. Sippel, the "Remember Then" spot presents an important competitive advantage of Subaru. "The ad talks of a full line of cars under $10,000. We don't have just one inexpensive car. This is significant for us relative to our two-tier strategy."



Subaru continues to tout product superiority at a surprising price.

For the XT6, Subaru's up-

Volvo tier

(Continued from Page S-21)

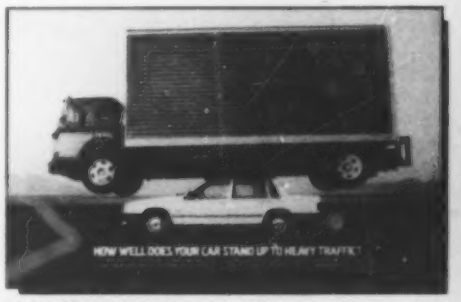
at the Volvo manufacturing and design facility in Kalimar, Sweden. Featuring craftsmen at work both inside the plant and in the village, the spot targets an upscale market by portraying European craftsmanship as artful, dedicated and superior. According to this spot a town where "precision is a way of life . . . is the only place in the world where [the Volvo 760] could be built."

In a third spot, "Radar Gun," Volvo takes a direct shot at Porsche by having a radar gun operator time a race between a Porsche 944 and a Volvo 740 Turbo Wagon. It's a tie. The voiceover is "To you they're two completely different cars . . . but to a radar gun, they look exactly alike."

"People don't think of Volvo as a performance automobile. While we are not trying to portray the Volvo as a racing car, we are demonstrating that performance is not a neglected issue and that it is on a par with many other expensive imports," Mr. Slaven says.

"The imported auto segment is becoming more and more competitive," explains Mr. Slaven. "And 1988 is going to be a very confusing car year. That's why we have decided to emphasize the traditional messages early in the year and maintain some flexibility for later in the year."

One reason for Volvo's increased spending and a more stratified advertising plan is sales. Over the past 10 years, Volvo has more than doubled its share to about 1% of the U.S. auto market, but from 1986 to 1987 sales slipped from 111,086 cars to 105,087, according to the company.



Volvo North America proves its cars can carry their weight in today's car market.

Volvo executives would not make specific projections for 1988, but say the company does not expect substantial sales increases.

To sell new cars in a competitive market a company needs more than a national adverting campaign—it takes strong, synergistic local advertising and strong sales promotion, says Mr. Dudzik.

Volvo created its second tier of advertising primarily for dealer associations needing to eliminate the high spot production budgets that can stymie local ad spending.

"By taking the two-tiered approach, we are able to offer our dealers commercials that maintain the high standards of quality demonstrated by our agency over the last 20 years and that will reflect favorably on the Volvo image overall," says Mr. Dudzik. "Although this is a fundamental shift in our strategy, we believe that the local or decentralized campaign will be complementary with our present and previous national campaigns."

The local tier of advertising will include a broader array of about 12 TV spots, including the national spots and derivatives, according to Mr. Slaven. The agency will also produce about 12 radio spots that will also be available as part of the Volvo co-op advertising program.

"The national spots are traditional; primarily image advertising emphasizing performance, luxury and Volvo's position among its competition," Mr. Dudzik says. "The dealer spots are more specifically a 'call to action,' closer to what a dealer would consider more appropriate."

More than 50% of Volvo's total advertising budget will be used in the local tier. The national budget will be split three ways: 50% broadcast 40% print and 10% other (outdoor, sales promotion and possibly some radio). According to Mr. Dudzik, 1988 marks the first major scheduled prime-time network

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scale, sporty entry with a base price of $15,780, the company uses comparative print ads and upbeat TV spots. Copy for print ads compare the XT6 with Mercedes: "The kind of car Mercedes might have built if they were a little more frugal and a lot more inventive."

One TV spot, "La Bamba," shows a man who has just left his car with his family. While he's gone, someone in the family drives the XT6; music-over is "La Bamba." When he returns, he notices someone has driven his car, but is not sure who it was. His grandmother is on the porch humming "La Bamba."

Mr. Sippel says the company will do heavy advertising during the 1988 National Football League season and network news programming. The company also says they will advertise during the Olympics, touting that Subaru is the official car of the 1988 U.S. ski team.

Subaru executives believe the company is back on track this year after experiencing slagging U.S. sales and financial woes partly linked to the rising yen that raised the cost of their U.S. vehicles.

And, according to Stanley Lanzet, a first VP of research at Drexel Burnham Lambert, New York, "[Subaru management] tried to force their top line of cars into a market that is intensely competitive. And when they didn't sell, they were 'oo stubborn to cut back on cars from Japan."

According to Mr. Sippel, "We had a poor selling mix. Our cars costing more than $10,000 were way past 60% of deliveries. And when the market turned, we had to advertise and incentivize our way out of high-line cars."

Industry analysts say incentives averaged between $800 and $1,500 on most Subaru vehicles larger than subcompacts. Overall, the incentives cost the company about $75 million.

With this two-tier marketing strategy, Subaru is placing more emphasis on attracting the first-time buyer. "When we brought in the Justy in 1987, our line of cars really took off with first-time and price-sensitive buyers. And with our new sales mix, we're moving even more this year to the first-time buyer."

For the model year, Subaru expects to sell an estimated 80,000 cars in the under-$10,000 price tier and 100,000 in the over-$10,000 range. At the start of the company's 1987 fiscal year, industry sources say only 20% of Subaru's cars fit in this category.

Some industry analysts say a favorable image may still not be sufficient. "They make statements to the effect that they got religion last year," says Mr. Lanzet. "And right now, inventory is in good shape. But they're in the process of taking more [deliveries] again.'

Industry analysts believe Subaru could better use its strong image to preserve margins, not increase volume. "They have to be disciplined and hold down imports from Japan," Mr. Lanzet says. "If they sell their cars without incentives, they will be a very profitable company."

Despite criticism, executives at Subaru of America are happy with their advertising strategy and the image their ads create for their cars. "No way we'd change," says Mr. Sippel.

TV buy for the company. And Volvo will be using prime-time network TV to compete more directly with other automakers, he says.

Volvo will continue to buy spot TV and cable.

Mr. Slaven says he expects Volvo to approve additional spots later in the year which may target specific developments.

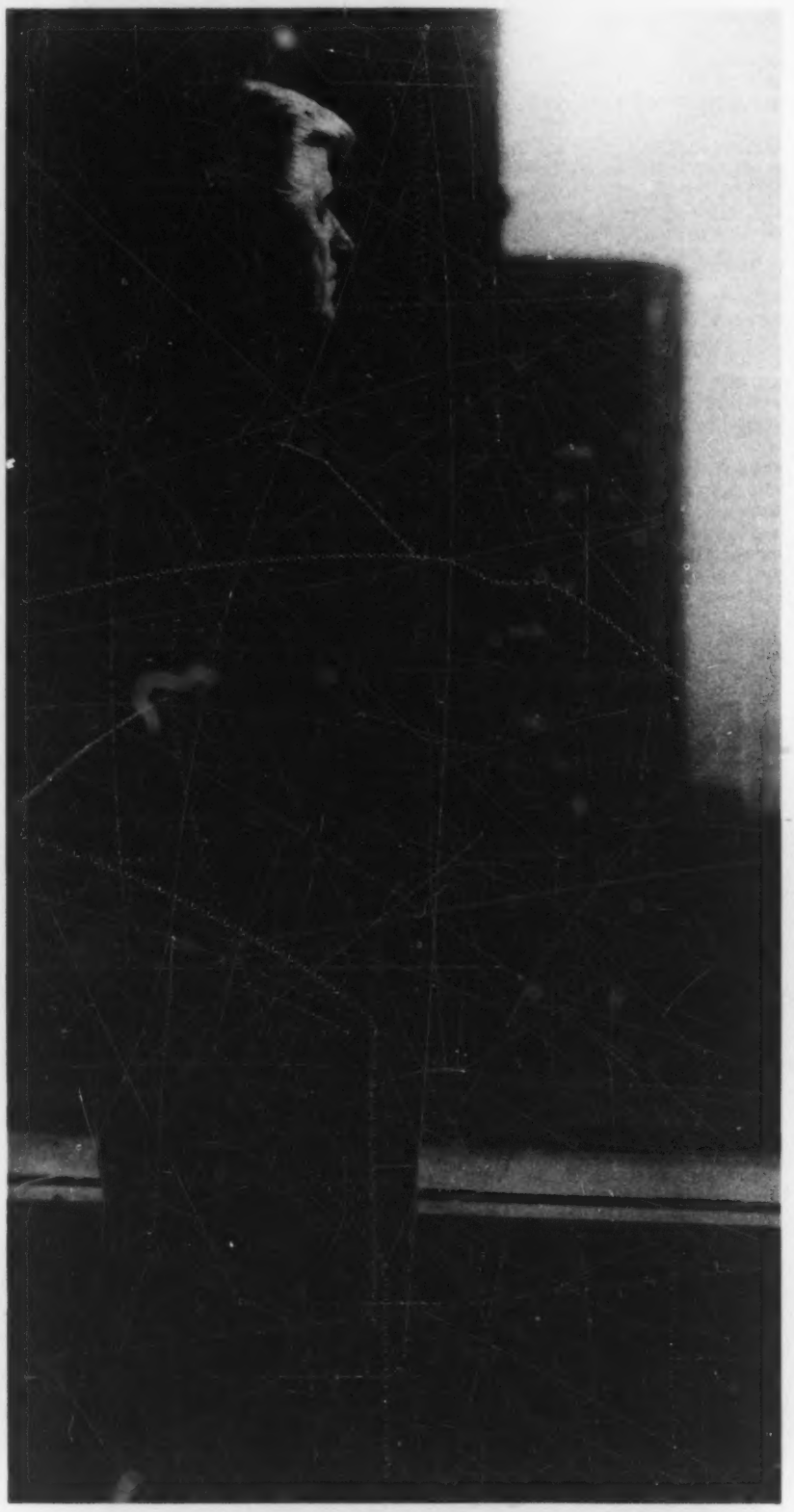
The later spots are also expected to include the fall 1988 release of the Volvo 480 for the 1989 model year.

Originally, the 480 was scheduled for introduction in 1987, but the U.S. debut has been repeatedly delayed. The 480, Volvo's mid-price entry, will have a sticker price of about $12,000, according to the company. However, recent reports cite the 480 at an estimated price of $15,000.

The current print campaign, which uses stills from TV spots, is being placed primarily in national magazines including newsweeklies such as *Time*, *Newsweek* and *U.S. News & World Report* and in general-interest publications. Some magazine ads now feature the 780, and late in 1988 may feature the new 480.

The company also will continue to sponsor tennis tournaments at the professional and collegiate levels and plans to sponsor the World Equestrian Games in Stockholm in 1990.

"The major difference between the 1988 campaign and previous campaigns is flexibility," says Mr. Slaven. " . . . We will try to balance the long-term image development needs with the short-term need to attract attention to the dealerships."



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Wary Big 3 hope to solve identity crisis

A major acquisition, design changes, technological innovations and carefully crafted brand identification all are helping Chrysler Corp., General Motors and Ford Motor Co. fight for their home turf market shares.

Chrysler: Total U.S. car sales

1986	1,385,991
1987	1,096,385
% change	−21%
Projected 1988	1,187,500

Source: Automotive News. Projected 1988 sales from Chrysler Corp.

Chrysler set to soar

Chrysler Corp. is now poised to carve out a bigger share of upscale segments with its August acquisition of Southfield, Mich.-based American Motors Corp. Highland Park, Mich.-based Chrysler now has the high-demographic Jeep buyer base, plus car models brought under the new Eagle standard.

Other nameplates continue the process. Last year, Chrysler rolled out an all-new New Yorker to go after the traditional luxury market and introduced a LeBaron coupe and convertible to compete with mid-size specialty cars.

In June, Chrysler will introduce a two-seater convertible designed and built in a co-effort with its Italian partner, Maserati. The car, to be known as the TC, will sell for an estimated $30,000. Chrysler owns a minority stake in Maserati, and last year bought another Italian upscale maker, Lamborghini.

The company hopes the TC will have a halo effect that upgrades the image of Chrysler's entire line. The TC is expected to compete with the Cadillac Allante, Mercedes-Benz 560 and the Jaguar XJS. According to the company, the TC will be offered at a considerably lower price.

The upscale drive is taking place within an overall marketing scheme that assigns specific brand images to each car line.

For example, Plymouth targets the low-price, conservative end of the market by projecting a family-car image, and Dodge targets the low-price, sporty auto market by emphasizing the car's performance.

Chrysler debuts Premier by urging buyers to "spread your wings."

Chrysler seeks buyers in the traditional, conservative, upscale market by emphasizing luxury, while the new Eagle brand is trying to establish itself in the upscale segment by focusing on European style.

With a $20 million ad budget, the new Jeep-Eagle division was launched in late December with a campaign code named "The Big Bang." The campaign, created by William Esty Co., Southfield, Mich., introduced the new Premier sedan and announced that Chrysler was "spreading its wings" with the Jeep-Eagle division.

Ralph Sarotte, Eagle brand marketing manager, affirms that the Jeep-Eagle division plays a key role in Chrysler's upscale marketing strategies.

"The Eagle Premier offers the same type of European styling that's available on the Mercedes-Benz, BMW and Volvo, yet without the steep price," says Mr. Sarotte. Launch advertising calls the Premier "an American car with European sophistication and handling."

The Jeep-Eagle divisional theme line, "Expect the best," also reinforces upscale aspirations.

Chrysler hopes the new Premier will attract the same affluent buyers that have made its Jeep brand so successful. Median age for the targeted Premier buyer is about 42 years old, with an estimated earning capacity near $55,000, according to the company.

By relaunching the Renault Medallion under the Eagle emblem, the division also hopes to capture generally brand-oriented, first-time buyers. The compact Medallion is slated to debut in May.

A four-door sedan version of the Japanese-built Mitsubishi Mirage, a third Eagle model, is scheduled for launch in July. By 1990, Eagle will get a four-wheel-drive sports coupe that will be built by Diamond-Star, the joint venture assembly plant between Chrysler and Mitsubishi.

Demographics for Jeep's Wagoneer and Grand Wagoneer models are the highest for any domestically produced vehicle in the U.S., capturing a median age bracket of 45-years-old, coupled with household income near $90,000.

Chrysler officials found that Jeep buyers also owned a high-priced European sedan, a discovery that aided the decision on how to position the Eagle brand.

Demographically, Chrysler has had a lot of success with its New Yorker models by targeting a mature market, typically ranging from 49-56 years-old, with an average income of at least $40,000-$50,000.

Chrysler will maintain its conservative luxury position with its new Fifth Avenue and Imperial luxury sedans, expected for model year 1990.

Both the Chrysler corporate and Chrysler-Plymouth division advertising are handled by Bozell, Jacobs, Kenyon & Eckhardt, Birmingham, Mich.

Dodge division is trying to extend its reputation as a maker of youthful, performance-oriented vehicles to attract a larger percentage of buyers interested in expressive, responsive, yet affordable cars. For the past three years, the Daytona has been Dodge's image leader.

Dodge opened its 1988 TV campaign using the trendy black-and-white format, in an attempt to break through ad clutter. BBDO Worldwide, Southfield, Mich., handles.

Although the accompanying theme, "It's gotta be a Dodge," is expected to be retained, future use of the b&w footage format has not yet been determined.

—Dee Ann Maki

GM sharpens its look

General Motors is hoping to boost its image by staking a new claim to leadership in technological innovation and demonstrate that its new products have a distinct brand identity.

General Motors: Total U.S. car sales

1986	4,693,161
1987	3,728,313
% change	−21%
Projected 1988	4,379,000

Source: *Automotive News*. Projected 1988 sales from General Motors.

In January, the Detroit-based automaker presented its collection of futuristic vehicles in New York at a show the company tagged "GM Teamwork and Technology for Today and Tomorrow." But, even before the show, GM knew that it was in a brass-knuckle brawl for market share and that its image needed improving.

GM enters 1988 with a 5% loss of market share and trailed Dearborn, Mich.-based Ford Motor Co. in earnings for the second straight year.

To address these problems GM is using comparative advertising for both its Cadillac and Chevrolet divisions. "Comparative advertising isn't necessarily a bad strategy, considering GM's current situation," said Thomas O'Grady, president of Integrated Automotive Resources, Wayne, Pa., a marketing-research company.

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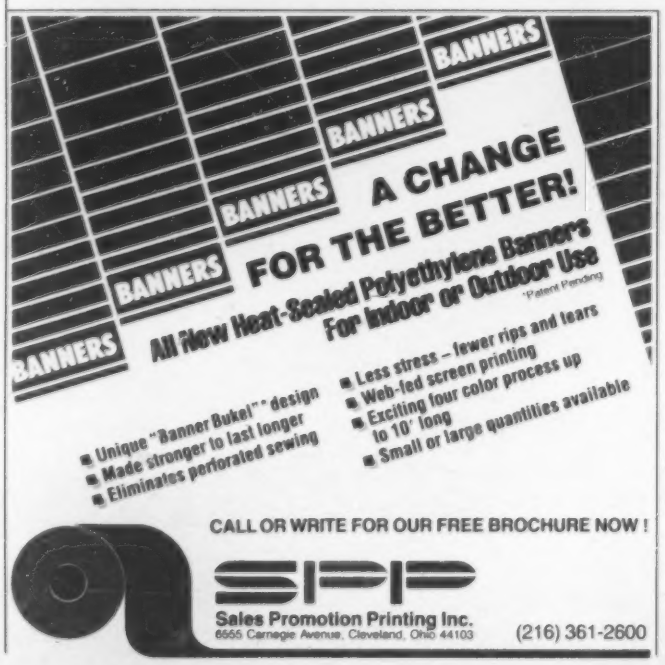

"GM's customers are clearly looking at the competition, mainly Ford. GM is making the point that its products do have some advantages."

To counter the impression that Cadillac models are sluggish compared with their European and domestic competitors, the Detroit-based division, once the gold standard for cars, launched a series of comparative ads in the 1988 model year via its ad agency, D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.

The first ad says that in acceleration and other tests conducted by the United States Auto Club, the Cadillac Eldorado, Seville and De Ville equipped with a V-8 outperformed certain models from BMW, Jaguar, Lincoln, Mercedes-Benz and Volvo.

A follow-up ad specifically targets Ford's new Lincoln Continental. And within weeks of the Continental's Dec. 26, 1987 launch, Cadillac's ads were touting USAC results on comparative tests with that car.

GM's Chevrolet division also uses comparative ads with a print and TV campaign that broke last fall. The ad compares its new full-size pickup to its Ford competitor. Lintas: Campbell-Ewald, Warren, Mich., handles the Chevrolet account.

In both TV and print, the two trucks are shown standing vertically on their tailgates. Attributes of the "advanced new Chevy" are contrasted with few changes on the "old new Ford." In the TV spot, the Ford topples over.

GM also created a $4 million print campaign to spread the word of its "Teamwork and Technology" show. The campaign, via N W Ayer, broke Feb. 8.

An eight-page insert, like the show, features 1988 models as well as future prototypes from each division.

It also uses the GM corporate theme line, "The vision is paying off," itself a combative rebuttal to critics who say Chairman Roger Smith's expensive obsession with high tech is part of the reason GM lost touch with the real marketplace.

The Pontiac division's success along with ad campaign "We build excitement," has led GM's other divisions to seek their own identities. Concept cars, shown in New York and in the ad insert, are supposed to reflect that drive.

At the show, Cadillac presented the Voyage—an aerodynamic, four-door sedan, designed to hold a V-12 engine—amid hints that an early 1990 production Cadillac model will be based on it.

Buick is trying to restore its image as the premium American car and to evoke a contemporary image of its 1967 and 1979 Riviera models with its Lucerne, a front-wheel-drive coupe, which was presented at the show.

Oldsmobile wants to present its products as contemporary family cars, marked by originality and uncluttered functionality.

In New York, Oldsmobile displayed the Aerotech, which last August established two speed records in runs topping 250mph. The car was conceived to evaluate high-performance versions of the Quad 4 engine GM began offering this model year, starting with the Oldsmobile Cutlass Calais.

Chevrolet's goal is to justify its theme line as the "Heartbeat of America" by offering upmarket features at entry-level prices. The division's concept car, Venture, is a four-passenger car combining features of a sport coupe with utility of a family sedan.

Pontiac's concept car, Banshee, is being touted as a prototype for early 1990s replacement of the Firebird.

All divisional identities are being mapped against a new, customer-defined segmentation scheme to determine each division's direction and its competition.

The plan identifies distinct types of customers within each segment. Each division, with a refined identity, should be able to go after specific customer groups within the segments in which it competes.

—Raymond Serafin

Ford shaping up

While Ford Motor Co.'s Lincoln-Mercury and Ford divisions aren't completely foresaking people and lifestyle-oriented messages, they are focusing more on describing tangible consumer benefits and positioning their models as leaders in product design.

Ford:
Total U.S. car sales

1986	2,080,822
1987	2,060,834
% change	−1%
Projected 1988	2,170,000

Source: *Automotive News*. Projected 1988 sales from Ford Motor Co.

The theme line for L-M's upscale Lincoln-branded models is "What a luxury car should be," and the theme for Mercury, Ford's near-luxury brand is "The shape you want to be in." Young & Rubicam, Detroit, handles L-M.

For the 1988 model year Ford division launched an umbrella, image-oriented campaign that broke last fall, which positions Ford as "the one car company that's winning the world over." The campaign, via J. Walter Thompson USA, Detroit, focuses on design and other areas where Ford has made market gains, including its new position as the top-selling brand (cars and trucks combined) in the U.S.

A print ad for Taurus—Ford's aerodynamic, radically designed mid-size car that has hurt GM's market share in that segment—talks about the model's awards, design, engineering and warranty under the headline, "Advanced design. Designed to reward you."

"We're focusing on the shape of our cars and gaining a foothold with the public before either of the other [domestic automakers] attempts to dislodge us," says Sheldon Wardwell, L-M advertising manager.

Important to L-M's strategy is the new front-wheel-drive Lincoln Continental, which debuted Dec. 26. Lincoln-branded models are getting 25% of L-M's 1988 ad budget, Mr. Wardwell says, and Continental accounts for 19% of L-M's total ad budget.

ADVERTISING AGE estimates L-M 1988 spending at $125 million.

That leaves only 6% of the budget to advertise the Mark VII, the Lincoln Town Car—L-M's top-selling car with 1987 sales of about 133,000 units—and the Lincoln brand.

"Continental is getting a much larger share of our budget because it's a totally redesigned car that's appealing to a different, younger buyer," Mr. Wardwell says.

"I consider Continental a [futuristic] car for Lincoln because it's definitely the direction we're taking the whole brand," he says.

Print ads position Continental as "the most advanced luxury car" while TV spots describe it as "one of evolution's greatest triumphs."

L-M, which projects first-year Continental sales of 30,000 units, has sold out its production through early May, Mr. Wardwell says.

This year L-M also plans to step up efforts to establish awareness of Merkur, the brand name for its two upscale German imports, the luxury sedan Scorpio and the sporty XR4Ti.

Merkur hopes to attract European import-intenders to Lincoln-Mercury dealerships, but so far L-M has had trouble creating awareness for the three-year-old brand.

L-M will focus on the models' names in two TV spots that will break this spring. Both spots, which include former Grand Prix world champion driver Jackie Stewart as ad spokesman, position the models as "everything a European luxury car is and has offered in the past, but with a surprising level of interior comfort," Mr. Wardwell says.

This spring Ford will add to its lineup the Mazda-built Probe, a sporty subcompact. Mercury will launch in late 1988 or early 1989 the new Capri, a two-passenger roadster designed in Italy and built in Australia.

Mr. Wardwell describes the market positioning of Ford and Mercury brands in terms of a triangle with luxury cars at the apex, midstatus cars in the middle and the entry level segment at the triangle's base.

Mercury is at the top of the midstatus level, and Ford is at the top of the entry level segment, according to Mr. Wardwell.

The long-running Ford theme line, "Have you driven a Ford . . . lately?" is now in its seventh year, and initially was a major part of the division's new emphasis on quality, says John Vanderzee, Ford advertising manager.

"We wanted people who had been disenchanted with Ford in the late 1970s to take a new look," he says.

"Now it says that we're a modern, high-technology, design leadership automobile company, and if you haven't driven us lately, you're missing something."

—Patricia Strnad

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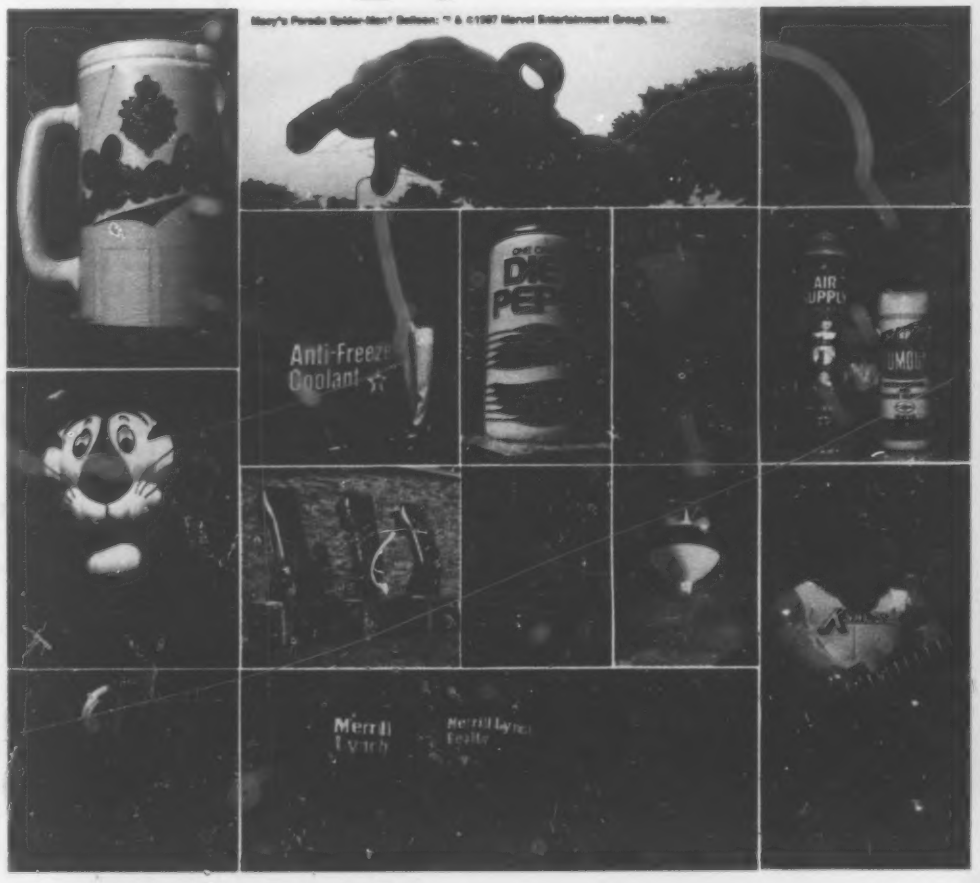

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■ Auto/cycle/rec. vehicles

	Current month 1988	Current month 1987	Year-to-date 1988	Year-to-date 1987
ATV Sports	—	—	—	—
Autoweek (52X)	175.0	115.5	296.0	227.5
Car & Driver	104.4	64.9	182.6	148.4
Car Collector & Car Classics	17.7	15.8	37.1	31.9
Car Craft	65.2	63.3	115.7	113.1
Circle Track	102.8	56.6	150.4	100.7
Cycle World	38.8	46.8	62.0	71.9
Dirt Rider	26.6	30.7	56.6	62.8
Dune Buggies & Hot VWs	66.1	69.6	133.9	146.6
Family Motor Coaching	158.0	135.4	354.5	303.4
4 Wheel & Off-Road	64.1	66.7	127.3	126.7
Four Wheeler	79.0	92.0	150.0	153.0
Hot Rod	63.0	61.8	156.8	105.3
Motorcyclist	37.1	32.2	52.8	46.4
Motor Trend	96.4	50.5	142.3	104.5
Motorhome	81.8	75.8	163.4	152.1
Rider	35.4	35.7	56.5	61.5
Road & Track	108.8	87.7	209.2	161.3
Trailblazer	46.3	37.0	82.5	72.0
Trailer Life	80.5	87.3	165.4	174.7
Total Group	1,449.0	1,225.3	2,695.0	2,363.7
% change		18.3%		14.0%

■ General

American Health (10X)	—	—	69.5	64.2
American Heritage (8X)	35.7	25.9	35.7	25.9
American West (6X)	33.0	29.2	33.0	29.2
The Atlantic A.	41.0	30.4	100.7	58.0
Bon Appetit A.	69.6	86.8	136.1	144.3
Cable Guide	22.0	19.5	45.0	45.9
Changing Times	57.6	58.0	110.3	123.9
Conde Nast's Traveler	47.3	—	81.9	—
Connoisseur	59.0	69.3	109.3	107.1
Consumers Digest (6X)	—	—	17.5	27.5
Ebony	129.5	107.7	199.8	179.5
Fifty Plus	—	—	—	—
Food & Wine	53.6	55.8	90.6	89.9
Games (6X)	14.6	17.9	26.4	31.4
Golden Years	48.8	32.4	86.2	57.3
Gourmet	97.0	91.7	166.3	148.3
Harper's A.	29.4	27.0	56.6	56.0
Harrowsmith (6X)	—	—	65.0	54.4
Let's Live	49.0	44.0	97.0	89.0
Life	32.3	35.9	81.8	88.4
Mature Outlook	—	—	32.5	46.3
Modern Maturity (6X)	40.6	50.6	40.6	50.6
Money	103.4	130.1	207.6	220.9
Money Maker	8.0	—	8.0	—
Mother Jones (9X)	18.0	18.4	32.3	37.2
National Geographic	40.7	18.6	50.0	30.6
National Geographic Traveler(4X)	—	—	—	—
Natural History	41.8	41.1	75.2	81.2
Prevention	68.8	75.1	118.9	141.6
Psychology Today	32.9	31.6	63.4	63.6
Reader's Digest A.	107.7	77.2	175.1	142.8
Saturday Evening Post (9X)	—	—	39.0	43.9
Smithsonian	106.7	71.9	190.8	131.8
Sylvia Porter's Personal Finance (10X)	—	—	54.5	67.3
Town & Country	140.4	108.3	238.2	190.4
Travel-Holiday	56.3	55.4	102.0	94.7
Travel & Leisure	106.9	73.5	174.7	137.4
Vanity Fair	72.4	43.6	105.4	68.1
Writer's Digest	27.0	24.2	53.4	51.1
Yankee	99.8	74.1	169.2	144.8
Total Group	1,890.8	1,625.1	3,539.5	3,164.4
% change		16.3%		11.9%

■ Home

Americana (6X)	—	—	16.7	14.6
Architectural Digest A.	166.5	87.4	246.4	167.2
Better Homes & Gardens	102.5	94.0	177.7	146.3
Colonial Homes (6X)	67.2	67.0	42.7	44.0
Columbus Monthly-Homes (4X)	—	—	30.2	22.6
Country Home (6X)	—	—	41.9	36.2
Country Living	82.0	83.6	138.2	142.1
Family Handyman (10X) A.	40.2	48.5	88.6	97.2
Flower & Garden (6X)	54.4	51.8	54.4	51.8
Home	61.7	69.5	105.7	102.7
Home Mechanics	—	—	—	—
The Homeowner (10X)	—	—	43.6	40.5
Horticulture	46.7	35.3	95.5	75.7
House Beautiful	70.2	56.2	108.6	99.2
House & Garden	71.4	86.1	130.7	137.9
Houston Home & Garden	71.6	77.6	111.8	119.9
Metropolis	—	—	55.9	63.9
Metropolitan Home	84.7	60.9	135.0	94.7
1,001 Home Ideas	50.8	45.3	97.2	81.7
Organic Gardening	74.7	71.9	132.9	127.7
Phoenix Home/Garden	94.0	86.0	164.8	145.8
Practical Homeowner	63.8	74.4	107.7	113.3
San Diego Home/Garden	72.7	68.5	125.0	129.0
South Florida Home/Garden	50.0	35.9	93.0	71.6
Southern Accents (6X)	—	—	82.3	84.1
Southern Living	101.5	103.2	169.3	176.3
Sunset Magazine A.	125.0	107.0	210.2	168.6
Workbench (6X)	—	—	48.4	49.4
Total Group	1,551.4	1,410.0	2,854.2	2,593.7
% change		10.0%		10.0%

■ In-flight & other passenger

Aboard Group (7X)	—	—	28.0	27.8
Alaska Airlines	54.9	55.8	109.6	107.9
America West Airlines	59.2	43.5	120.7	86.1
American Way (24X)	124.2	92.9	251.6	172.1
Brighton Inflight Group:				
Hawaiian Air (6X)	—	—	—	—
East/West Network:				
Continental	59.7	—	111.7	—
Eastern Review	52.5	72.2	113.7	150.0
Northwest	37.2	44.5	80.4	83.5
Pan Am Clipper	39.7	36.0	83.0	79.2
Spirit	70.3	52.7	130.0	110.0
TWA Ambassador	53.8	43.5	104.8	86.0
Vis 'A Vis	56.0	61.2	96.7	114.4
Halsey Publication:				
Delta Sky	—	—	—	—
Pace Communications:				
Piedmont Airlines Pace	90.5	95.1	163.8	168.5
US Air	68.7	36.2	125.2	77.7
Spirit of Aloha (6X)	20.9	34.0	41.7	68.0
Total Group	787.5	667.6	1,560.9	1,331.2
% change		18.0%		17.3%

■ Men's

Esquire A.	73.9	61.3	121.2	105.7
Firehouse Magazine	28.8	29.8	66.8	76.8
Gentlemen's Quarterly A.	127.6	115.6	211.9	170.4
M Magazine	83.5	89.9	127.1	125.2
Muscle & Fitness	117.8	105.8	238.3	220.5
Penthouse A.	35.6	33.0	91.5	77.4
Playboy A.	44.5	32.1	97.5	92.7
Salute (10X)	27.4	—	27.4	—
Total Group	539.2	467.6	981.7	868.7
% change		15.3%		13.0%

■ Metropolitan

Aloha (6X)	—	—	18.8	27.9
Atlanta	61.4	53.9	112.5	105.8
Baltimore	68.3	77.7	119.7	135.1
Boston	144.0	143.1	270.7	277.1
California	50.0	60.4	112.1	97.6
Chicago	89.8	83.2	195.7	154.2
Chicago's North Shore	79.1	62.5	172.4	141.3
Cincinnati	41.6	38.6	89.3	83.9
Cleveland	49.9	49.6	102.9	102.0
Coast (39X)	51.7	61.2	103.4	121.2
Columbus Monthly	43.4	44.8	113.3	105.1
Connecticut	99.1	92.5	174.1	175.7
D/Magazine, Dallas/Ft. Worth	93.1	116.8	165.0	207.4
Denver	34.5	34.7	62.7	56.2
Detroit Monthly	66.0	51.2	117.5	147.1
Grand Rapids	33.3	34.7	60.9	64.4
Gulfshore Life (10X)	113.0	105.0	199.0	191.0
Honolulu	57.2	50.8	112.6	107.0
Louisiana Life (6X)	—	—	24.2	29.8
Madison	40.5	68.0	71.0	122.0
Memphis	71.0	67.0	145.0	148.0
Mid Atlantic Country	—	—	—	—
Milwaukee	46.3	53.8	93.8	85.8
Minneapolis/St. Paul	75.6	81.0	143.6	142.4
Nashville	37.0	59.0	81.0	103.0
New England Monthly	35.5	32.4	82.0	64.0
New Jersey Monthly	84.6	86.0	154.8	156.2
New Mexico	—	—	—	—
Ohio	37.8	39.6	92.9	107.4
Oregon (6X)	—	—	—	—
Orlando	81.3	78.9	173.4	163.8
Palm Beach Life	104.1	110.3	189.8	201.9
Palm Springs Life	—	—	—	—
Philadelphia	114.8	108.1	237.4	231.7
Phoenix	55.2	71.9	118.3	147.0
Pittsburgh	68.8	60.6	118.1	110.7
St. Louis	—	—	—	—
San Diego	117.3	135.3	294.2	245.8
San Francisco Focus	87.0	93.2	141.7	150.5
South Florida Magazine	74.9	46.2	156.8	100.1
Texas Monthly	102.0	64.0	155.1	142.1
Twin Cities	51.6	41.9	116.6	76.5
The Virginian (6X)	—	—	60.5	52.1
Washington (7X)	—	—	47.4	40.0
The Washingtonian	149.4	154.5	263.0	272.2
Total Group	2,610.1	2,612.3	5,263.1	5,193.0
% change		-0.1%		1.3%

■ Music/entertainment

Audio	85.5	62.4	195.4	160.8
Dance Magazine	59.6	55.8	115.4	113.6
Playbill	48.8	41.8	84.2	75.4
Stereo Review	96.5	99.2	198.3	197.7
Video Magazine	—	—	—	—
Total Group	290.4	259.2	593.2	547.5
% change		12.0%		8.3%

■ National Sunday magazines

Parade (52X)	50.4	53.6	108.8	102.2
Total Group	50.4	53.6	108.8	102.2
% change		-5.9%		6%

■ Outdoor & sport

Alaska	46.6	40.0	78.7	63.8
The American Handgunner (6X)	—	—	49.0	41.0
American Hunter	19.5	16.4	37.1	37.3
American Rifleman	20.0	19.0	44.7	47.6
Backpacker (6X)	—	—	34.5	27.0
Bass Master (10X) A.	111.0	95.4	193.9	162.4
Bicycling (9X)	—	—	85.6	69.6
Ducks Unlimited (6X)	—	—	22.6	18.3
Field & Stream	90.2	84.3	145.9	159.8
Fins & Feathers A.	—	—	—	—
Fishing World (6X)	—	—	43.0	33.1
Florida Sportsman	200.1	163.0	333.8	312.6
Golf Digest	128.4	103.6	215.0	204.2
Golf Magazine	144.9	121.8	295.2	240.0
Gun Dog (6X)	—	—	27.2	31.0
Guns	32.2	26.9	65.2	55.9
Guns & Ammo	63.4	39.8	102.5	74.7
In-Fisherman (6X)	162.8	145.0	162.8	145.0
Outdoor Life	98.5	91.5	154.1	161.9
Outside Magazine	—	—	—	—
Petersen's Hunting	67.0	36.6	103.4	74.8
Runner's World (12X)	33.7	27.0	69.5	49.1
Salt Water Sportsman	120.0	104.9	320.3	288.4
Sierra (6X)	34.5	39.4	34.5	39.4
Shooting Times	63.5	43.7	89.5	76.3
Ski (8X) A.	102.8	78.8	207.3	162.2
Skiing (7X) A.	68.8	55.6	181.8	150.5
Skin Diver	113.5	104.3	204.6	203.4
Southern Outdoors (9X)	96.5	51.3	141.1	97.4
Southern Saltwater(8X)	41.4	32.5	80.8	32.5
Sport	33.2	32.3	69.2	64.3
Sports Afield	102.6	92.8	145.4	224.4
Tennis	50.1	63.3	91.7	107.6
Waterski (8X)	—	—	49.5	43.0
Western Outdoors (10X)	64.7	57.4	102.3	87.4
Wildfowl (6X)	14.8	8.9	14.8	8.9
Wing & Shot (6X)	—	—	15.5	11.9
World Tennis	51.6	21.0	71.3	34.8
Total Group	2,176.2	1,796.4	4,083.3	3,641.2
% change		21.1%		12.1%

■ Photography

American Photographer	24.6	33.3	62.6	58.3
Petersen's Photographic	19.7	24.1	43.4	46.1
Popular Photography	73.0	64.8	154.1	132.8
Total Group	117.3	122.3	260.1	237.2
% change		-4.0%		9.6%

■ Science/electronic /mechanic

Discover	38.4	44.9	77.5	92.8
Family & Home Office Computing	42.7	51.9	89.5	107.0
Omni	51.0	57.8	104.9	105.3
Personal Computing	260.1	124.4	479.6	251.8
Popular Mechanics	74.9	90.5	133.8	164.2
Popular Science	79.5	75.6	139.3	134.7
Scientific American	56.1	41.4	74.4	71.7
Spectrum	59.0	74.0	145.8	149.3
Total Group	661.5	560.4	1,244.9	1,076.8
% change		18.0%		15.6%

■ Woman/fashion/service

Bride's Magazine (6X) A.	703.6	581.9	703.6	581.9
Cosmopolitan A.	185.7	190.4	327.7	343.3
Elle Magazine	142.6	162.5	212.0	227.0
Essence	79.2	75.1	137.2	130.5
Family Circle (17X) A.	188.7	87.9	244.8	182.1
Glamour	154.7	160.3	246.5	279.7
Good Housekeeping A.	142.8	125.0	209.1	208.9
Harper's Bazaar	111.2	120.3	172.9	189.7
Health	60.6	45.0	87.7	79.0
Ladies' Home Journal	114.6	102.0	189.1	167.2
Mademoiselle	111.4	108.4	173.4	185.8
McCall's	87.5	119.2	142.8	174.1
Military Lifestyle	50.3	50.1	83.9	94.4
Modern Bride (6X)	555.7	575.0	555.7	575.0
Ms.	30.3	28.5	63.3	76.2
New Woman	85.1	75.0	142.2	131.9
Parents Magazine A.	99.1	89.6	179.7	153.4
Redbook	84.5	95.0	157.4	168.0
Savvy	44.9	41.5	84.5	73.9
Self	102.3	96.6	153.9	154.0
Seventeen	67.7	86.3	111.4	161.6
Shape	62.2	68.3	118.1	119.8
Soap Opera Digest (26X)	—	—	—	—
Teen Magazine	34.9	49.0	67.0	81.7
True Story A.	52.8	55.9	92.2	90.3
Vogue	29.3	30.2	132.9	148.7
Woman (10X)	39.3	30.0	39.3	30.0
Weight Watchers	52.2	31.5	81.7	65.8
Woman's Day (16X) A.	93.8	117.8	180.3	210.9
Workbasket	32.9	37.4	58.4	65.1
Working Mother	78.7	70.8	133.0	134.2
Working Woman	92.3	74.0	159.4	156.3
Total Group	3,770.5	3,580.4	5,441.0	5,420.4
% change		5.3%		0.4%

AD AGE regrets the inconvenience it may have caused its readers by reducing the consumer linage report in this issue to a single page. Space requirements forced the move.

Consumer linage also will not appear in March, but not from lack of space. Editors are switching to a new monitoring system that will help the reader track ad trends. Under the system, current-month reports will be presented in the succeeding month.

Monthly data will continue to be collected from participating magazines through the mailer cards, but data will be manipulated into charts pointing out monthly and year-to-date ad movements and prior-year comparisons of magazine categories. The AD AGE Index monitoring leading magazine categories will be introduced and a writeup will accompany the linage report identifying leading magazines.

(X) Represents the number of times published each year; publications are monthly unless otherwise specified.

A. Sectional linage included but prorated to circulation of regional editions. B. Sectional linage included but not prorated to circulation of regional editions. C. Combined unduplicated regional ads.

All figures represented in this chart are supplied by the magazines. ADVERTISING AGE makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

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March 7, 1988

C 2710-1
3/4/88

Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Joe Grant

Marketing to Women

Page S-1

Pillsbury: Where the doughboy went wrong

—Page 1

A not-super Tuesday for Bob Dole's ad strategy

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Faberge's new-product blitz sets strategy

—Page 6

Good news: Man of Steel flying high even at 50

—Page 74

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March 7, 1988

Advertising Age

Crain's International Newspaper of Marketing

What's behind Pillsbury woes

By SCOTT HUME
and JULIE LIESSE ERICKSON

John M. Stafford took the fall last week for failing to solve Pillsbury Co.'s myriad marketing problems.

But the company's problems go deeper—and back further—than two years of disappointing sales and profits for the Restaurants Group.

William Spoor, the former chairman-ceo who temporarily replaces Mr. Stafford as chairman-president-ceo of the $6 billion food and restaurant company, bears a major responsibility for creating many of those problems, industry observers say.

The problems include: a rash of executive departures, a half-dozen short-lived ad campaigns, a host of failed or under-supported new-product introductions, a dearth of in-store promotional marketing and a consistent lack of focus.

Although attention has focused on the Restaurants Group's problems with Burger King Corp.—and there's little question the wheels came off the No. 2 burger chain's marketing—the Foods Group, too, has lost key executives and had its share of marketing blunders while still managing to post profits that have satisfied Wall Street.

Pillsbury in the past two years has lost far more share points in the microwave popcorn market than BK has in the fast-food arena, for example.

Pillsbury had pinned much of its food division's hopes on microwave technology. Despite generally being first in the market, however, Pillsbury hasn't been able to maintain its lead in microwaveable products.

First on the market with microwave popcorn, the company now is a distant third in the $300 million market, behind

What's in the future for Pillsbury—P. "

Beatrice Cos.' Orville Redenbacher's la and General Mills' Pop Secret.

One reason for that is Pillsbury let a l executive on microwave products leave start a third competitor that has done well in the market.

More important, however, is the fact that the company allowed ad support for popcorn to dwindle drastically; Beatrice and General Mills are outspending Pillsbury 3-to-1.

Another seemingly unnecessary marketing fiasco occurred in frozen pizza, where Pillsbury held a major position with Totino's.

When Pillsbury acquired Jeno's in 1985,

(Continued on Page 78)

Steve Wall/Picture Group

John Stafford (l.) shares a Burger King lunch with William Spoor, whom he succeeded as Pillsbury's chairman until Mr. Stafford was replaced by Mr. Spoor last week.

Last Minute News

Dole spot lashes out at Bush

WASHINGTON—Sen. Bob Dole (R., Kan.) late last week unleashed a negative TV spot on Vice President George Bush's role in the Iran-contra affair. The 30-second spot, from Murphy & Castellanos, Alexandria, Va., was slated for five or six major markets *(see related story below)*.

ABC-TV drops $75M on Olympics

NEW YORK—**ABC-TV** lost $75 million on its Winter Olympics telecast, or double the original estimates, network sources say. However, Capital Cities/-ABC's overall losses were about $35 million to $40 million because of ad sales by its eight owned-and-operated TV stations, sources said. Separately, negotiations on the 1992 Winter Olympics in Albertville, France, are ex-

(Continued on Page 8)

Inside Campaign '88

How Dole killed election hopes

By STEVEN W. COLFORD

Sen. Bob Dole's chances of winning the Republican presidential nomination are dead, says his former media adviser.

They were killed last month in Boston by a negative TV spot from Vice President George Bush that the Dole campaign declined to answer, said Don Ringe, former top adman for the Kansas senator.

The attack spot from Vice President Bush ran on Feb. 11, only days before the crucial Feb. 16 New Hampshire primary. That primary, coming after Sen. Dole's strong showing in the Iowa caucuses on Feb. 8, was a momentum-stopper for the Dole cam-

Brady's Super Tuesday—P. 76

paign, Mr. Ringe said.

The spot accused Sen. Dole of straddling the fence on whether he would reject a tax increase.

The vice president, who was

(Continued on Page 76)

GM's Saturn breaks mold

UAW helps select ad agency

By RAYMOND SERAFIN

TROY, MICH.—In what may be an unprecedented move, a United Auto Workers official will help select an ad agency for the $70 million-to-$80 million General Motors Corp. Saturn account.

The arrangement, which is unique at least to the automotive industry, reflects Saturn's attempt to forge new labor-management relations. The UAW official is a member of Saturn's internal Strategic Action Council, a high-level committee dealing with strategic direction. The official hasn't been identified.

The UAW is being included because "they're a stakeholder in the whole process," said Thomas Shaver, 47, director of marketing services for Saturn Corp., in an exclusive interview with ADVERTISING AGE.

"They're part of our business teams, they're with us at our staff meetings," he said of the UAW. A tour of Saturn headquarters would turn up union representatives commonly working next to company executives, he said.

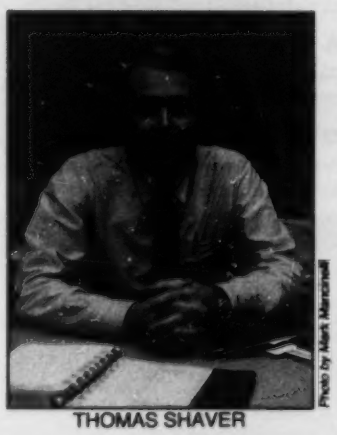

Photo by Mark Marshall

THOMAS SHAVER

The innovative contract signed in 1985 by Saturn and the UAW eliminated nearly all the rigid job classifications traditional to manufacturing. Workers in return get lifetime job guarantees (under most circumstances) and a bigger say in the organization.

A UAW spokesman said union members were part of the committee that designed the assembly plant being built in Spring Hill, Tenn. "The contract is a brand new concept that calls for total integration of UAW and management," the spokesman said.

Mr. Shaver declined to comment on whether a union representative will continue to have involvement with Saturn's ad agency after a selection is made. But he said there will be a more "streamlined process" for working with the agency, compared to the selection procedure.

"We're not setting up something where 10 million people are writing copy," he said.

In a wide-ranging interview, Mr. Shaver also revealed that a car dealer will join the UAW in

(Continued on Page 78)

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Coffee price war brews

P&G tests low-cost 'fast roast'

By LAURIE FREEMAN and JUDANN DAGNOLI

Procter & Gamble Co. is embarking on an adventurous new strategy for Folgers that could re-ignite coffee price wars.

In Western markets beginning today, P&G is replacing 16-ounce regular Folgers coffee with a 13-ounce "fast roast" Folgers.

The introduction won't affect the Western markets' test of Folgers Gourmet Supreme, a premium-price Colombian blend.

The new lines could indicate that P&G is moving away from midprice coffees to concentrate on the high and low ends.

The new Folgers is made by roasting coffee beans "faster and hotter" so they "puff more," said a P&G spokeswoman. The process allows more flavor to be extracted from each bean. As a result, P&G can use fewer green coffee beans and reduce the list price by 20¢ per can.

The cost savings are derived from "green coffee costs only, because the cost [to P&G] to manufacture, package and deliver Folgers remains the same," the spokeswoman said.

The new process results in 13 ounces of fast-roast Folgers being equal in volume to the 16-ounce size. The technology has been used by the company in its decaffeinated variety since 1983, the spokeswoman said.

The P&G threat may be a factor in General Foods Corp.'s decision to re-institute Maxwell House advertising (AA, Feb. 22).

The new lower-price product from No. 2 P&G comes at a time when GF, the leading coffee marketer, has had to raise prices to take pressure off the company's slimmer margins on Maxwell House. GF has about 37.8% of the $4.8 billion coffee market while Folgers has about 27.5%.

P&G maintains the new Folgers isn't a high-yield coffee; it will continue to sell Folgers Special Roast Flakes, a high-yield coffee. But one California retailer contended P&G is "downsizing a pound to 13 ounces and producing another high-yield coffee" and only taking 20¢ off the price.

He said P&G's move will force competitors to follow suit or "discredit" P&G.

The premium-price Folgers Gourmet Supreme is testing in Denver; Phoenix, Ariz.; and Salt Lake City (AA, April 13). Handled by Wells, Rich, Greene, New York, the brand is targeted at GF's Yuban and supported with a lavish campaign that cost a reported $1 million to produce. Print, radio and spot TV are being used.

Two 60-second commercials are takeoffs on adventure films in which a swashbuckling character named Alex relates the tale of his dangerous and involved search for "the supreme coffee bean."

The fast-action footage has Alex caught in rock slides and crashing over waterfalls as he struggles to reach the summit of a craggy mountain peak. At the top is the signature black can of Gourmet Supreme.

P&G said it won't advertise the new 13-ounce Folgers because there's no change in the regular product's packaging, labeling or flavor. The national Folgers campaign uses a "Waking up" theme, created by N W Ayer.

The new Folgers also will be sold in 26-ounce packages and will be distributed in Arizona, California, Colorado, Idaho, Nevada, Oregon, Utah and Washington.#

Highlights

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Avis kicks off its first ad campaign since being sold to its employees last year.

6 Faberge dresses up marketing
Faberge USA will unveil its revamped marketing strategy, supported by a $40 million ad budget.

24 Dishing up conflicts
Food marketers are creating new agency conflict problems as they branch out into new food areas.

29 Consumer promotions gear up
The forecasted shift of marketing dollars to consumer promotions from trade promotions appears to have begun.

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First Nationwide Bank is creating a national chain with a hometown feel.

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Blockbuster Entertainment Corp. plans to make the chain the industry's largest.

64 K-C boosts spending
Kimberly-Clark Corp. is increasing its ad and promotional spending by about 14% this year.

70 Public backs Detroit JOA
Hometown pressure could influence the U.S. attorney general's decision on a joint operating agreement for Detroit's dailies.

71 British Airways global ads fly
British Airways' revamped business-class service is booming, thanks to a global ad campaign.

80 When ads poke fun at ads
Critics believe the trend toward "parody advertising" isn't the best way to sell products.

INTERNATIONAL

47 P&G scrubs brand loyalty
In West Germany, Procter & Gamble Co. is trying to transfer market share and brand loyalty from its top-selling denture cleanser to a new brand name.

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David Mahoney's "Confessions." Page 36.

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Feds tell states to back off on ad restrictions

By JENNIFER LAWRENCE

The U.S. Department of Transportation, in its strongest move yet to curb state regulation of national advertising, is threatening to go to court to block enforcement of state airline ad guidelines.

If successful, the DOT suit would undercut a plan by the National Association of Attorneys General to regulate airline advertising as well as threaten other future NAAG ad proposals.

The move comes just as NAAG holds a crucial meeting in Washington this weekend, where it will consider proposals to regulate rental car, airline and possibly other ads.

B. Wayne Vance, DOT general counsel, last week sent a letter to seven state attorneys general claiming that states are pre-empted by the federal government from regulating air-fare price advertising that encourages price competition.

Mr. Vance closed his letter with "I am asking you and the other attorneys general not to take further action in this matter that could lead to our being opposing litigants rather than partners without thorough discussion at both state and federal levels. . . .

"If threats to enforce the particular sections of the guidelines continue, we will be forced to consider taking formal legal action to prevent their enforcement."

Mr. Vance offered to attend this weekend's NAAG meeting in Washington or meet with the state officials before then.

The DOT letter objects to regulation of round-trip-fare ad requirements and the required inclusion of surcharges in the advertised fare.

"If the DOT doesn't want to protect consumers, they should keep their mouth shut and let other people do it," said Stephen Gardner, assistant Texas attorney general. "The federal agencies are continuing on their course of being lackeys to the airline industry."

In other developments:

- The state attorneys general are expected to endorse a three-month study of the car-rental industry and its ad practices, sources say. This study could produce a set of national car rental ad guidelines.
- The New York and Texas state attorneys general have sent letters to Sterling Drug's Glenbrook Laboratories and to SmithKline Consumer Products seeking discussions about ads for Sterling's Bayer aspirin and SmithKline's Ecotrin. The attorneys general say the ads may violate state consumer protection laws.

State officials fear the ads don't clearly differentiate between using aspirin for first or second heart attacks and also don't fully explain the risks and side effects.

They also charge that although the Food & Drug Administration approved "professional labeling" for doctors to recommend aspirin to reduce second heart attack risks, no one has specifically approved advertising these claims to consumers.

"The federal agencies are continuing on their course of being lackeys to the airline industry."

—Texas assistant attorney general

- With battles likely over the airline guidelines, the Council of Better Business Bureaus last week urged the states to shift gears and work through the advertising industry's self-regulation process.

CBBB President James McIlhenny "encouraged" the state officials to work through CBBB's National Advertising Division, which reviews complaints about national advertising and has handled more than a dozen cases involving airline ads.

The CBBB offer was endorsed by the Association of National Advertisers, the American Association of Advertising Agencies and the American Advertising Federation, which co-sponsor the NAD program.

Four A's President Leonard S. Matthews attacked the NAAG airline guides as "impractical and costly," unconstitutional and potentially "a real disservice to the American consumer."#

Contributing to this story: Patricia Winters in New York and Steven W. Colford and Laurie Freeman in Washington.